

FIRST HALF OF 2023

**INTERIM REPORT
AS OF 30 JUNE 2023**

Your strong IT partner.
Today and tomorrow.

BECHTLE

KEY FIGURES OF THE BECHTLE GROUP AT A GLANCE

		01.01- 30.06.2023	01.01- 30.06.2022	Change in %
Business volume	€k	3,701,596	3,291,865	12.4
Revenue	€k	3,048,444	2,796,755	9.0
IT System House & Managed Services	€k	1,978,527	1,698,053 ¹	16.5
IT E-Commerce	€k	1,069,917	1,098,702 ¹	-2.6
EBITDA	€k	237,463	216,746	9.6
IT System House & Managed Services	€k	163,256	137,680	18.6
IT E-Commerce	€k	74,207	79,066	-6.1
EBIT	€k	177,089	165,125	7.2
IT System House & Managed Services	€k	119,737	100,888	18.7
IT E-Commerce	€k	57,352	64,237	-10.7
EBIT margin	%	5.8	5.9	
IT System House & Managed Services	%	6.1	5.9 ¹	
IT E-Commerce	%	5.4	5.8 ¹	
EBT	€k	173,479	162,558	6.7
EBT margin	%	5.7	5.8	
Earnings after taxes	€k	122,862	116,565	5.4
Earnings per share	€	0.98	0.93	5.4
Return on equity²	%	16.8	18.2	
Cash flow from operating activities	€k	64,979	-202,412	
Number of employees (as of 30.06)		14,505	13,199	9.9
IT System House & Managed Services		11,426	10,410	9.8
IT E-Commerce		3,079	2,789	10.4

		30.06.2023	31.12.2022	Change in %
Cash and cash equivalents³	€k	201,962	289,590	-30.3
Working Capital	€k	953,105	976,564	-2.4
Equity ratio	%	46.9	44.6	

¹ Prior year adjusted

² Annualised

³ Incl. time deposits and securities

REVIEW BY QUARTER 2023

		1st Quarter 01.01-31.03	2nd Quarter 01.04-30.06	3rd Quarter 01.07-30.09	4th Quarter 01.10-31.12	2023 FY 01.01-30.06
Business volume	€k	1,886,004	1,815,592			3,701,596
Revenue	€k	1,538,499	1,509,945			3,048,444
EBITDA	€k	111,126	126,337			237,463
EBIT	€k	80,967	96,122			177,089
EBT	€k	79,694	93,785			173,479
EBT margin	%	5.2	6.2			5.7
Earnings after taxes	€k	56,909	65,953			122,862

CONSOLIDATED INTERIM MANAGEMENT REPORT

BUSINESS ACTIVITY

A leading IT enterprise in Europe, Bechtle is a one-stop IT provider that is close to its customers with more than 85 system houses as well as IT E-Commerce companies in 14 countries. This combination forms the basis of Bechtle's unique business model, which combines IT services with the conventional IT trading business. Established in 1983 and headquartered in Neckarsulm, Germany, the company offers a comprehensive vendor-independent IT portfolio to its more than 70,000 customers from the fields of industry and trade, the public sector and the financial market.



See
Annual Report 2022,
page 37ff

In the IT System House & Managed Services segment, the service spectrum ranges from the sale of hardware, software and application solutions to project planning and roll-out, system integration, maintenance and training, and to the provision of cloud services and the complete operation of the customer IT. We have bundled our pure trading business in IT E-Commerce, the second business segment. In this segment, we offer our customers hardware and standard software via the Internet and by telephone.

BUSINESS ENVIRONMENT

- **Macroeconomic situation still tense**
- **Mood in Q2 gloomier**
- **IT industry on a stable, trendy slightly upwards**

MACROECONOMY

In the first six months of 2023, the economic performance in the EU was rather restrained. According to figures of the European Commission of May 2023, the gross domestic product (GDP) throughout the EU increased by 0.3 per cent in the first quarter and by 0.2 per cent in the second quarter. The performance in the EU countries in which Bechtle is present exhibited a broad bandwidth. In the first quarter, the figures ranged from growth of 1.6 per cent in Portugal to a decline of 2.7 per cent in Ireland. In the second quarter, the gap again closed noticeably. The figures ranged from Hungary at the top of the list with growth of 1.1 per cent to Austria at the bottom with stagnating performance.



ec.europa.eu

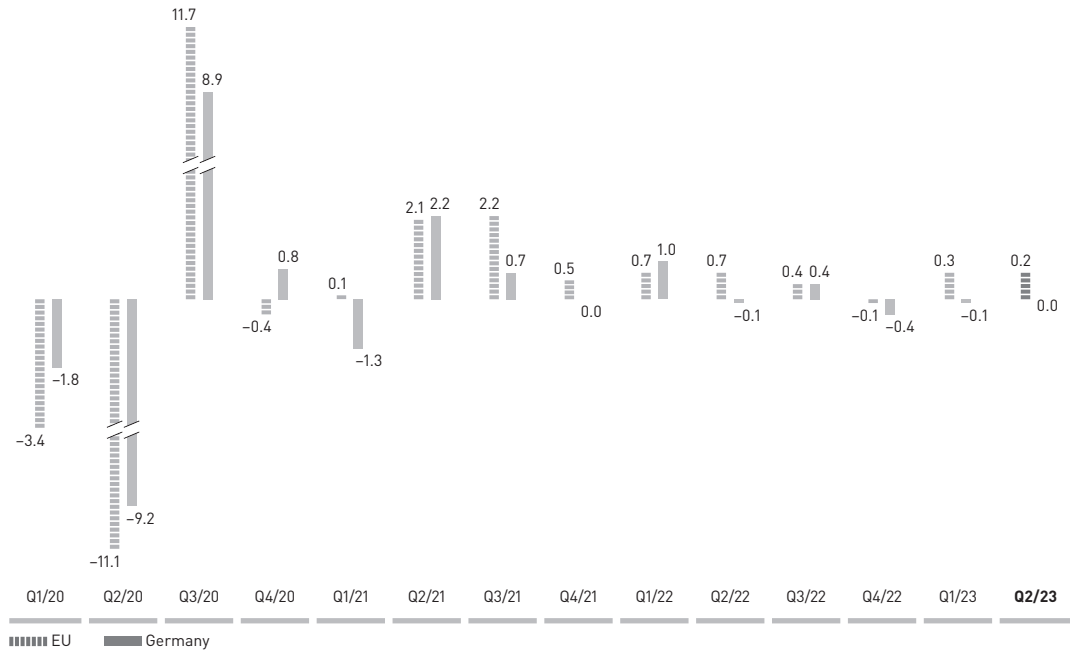
In the first quarter, Germany recorded the second GDP decline in a row, thereby undergoing a technical recession. The decline amounted to -0.1 per cent. The gross domestic product stagnated in the second quarter.



destatis.de

GDP PERFORMANCE COMPARED TO THE PRIOR QUARTER

%



ifo.de

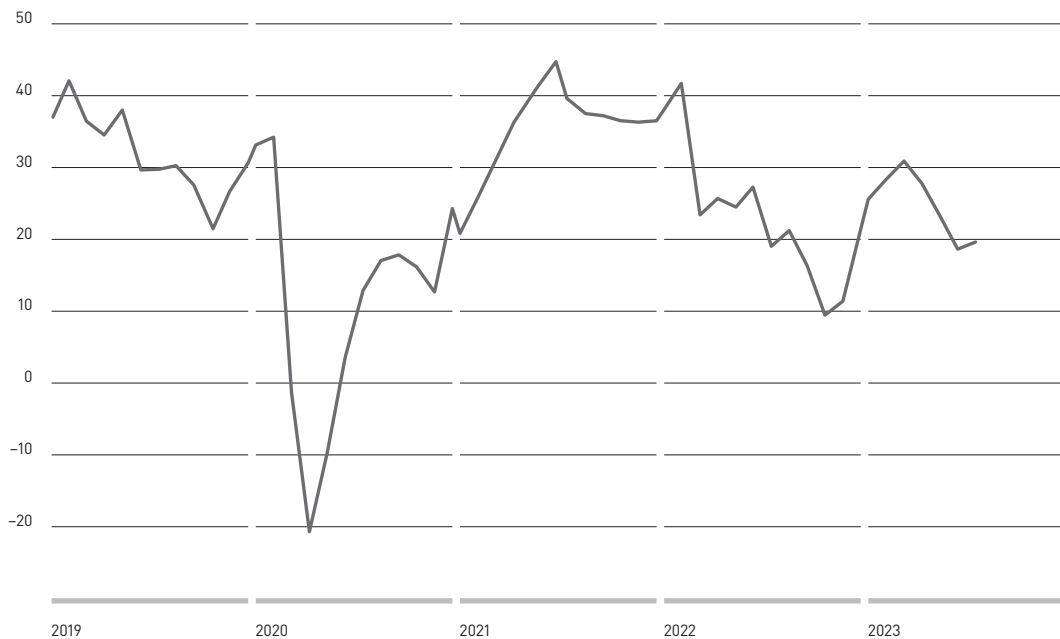
In the first half of the year, the ifo mood indicators of the German economy were jumpy. Initially, the figures improved from the start of the year until April. From May until July, however, the climate as a whole, as well as the evaluation of the situation and the expectations for the coming months, deteriorated noticeably.

INDUSTRY

In the first half of 2023, the IT market was supported by the ongoing customer demand for sustainable IT solutions. However, this demand did not map the entire bandwidth of the IT portfolio. Thus, the market research institute IDC reports an increase of 32.6 per cent of the business with network solutions in Europe in the first quarter. On the other hand, PC sales in EMEA declined in both quarters, because customers were more reluctant to invest. Nevertheless, the market research institute Gartner determined some first positive trends at least for the second quarter. Compared to the prior quarter, sales figures went up, and the segment of business customers also experienced an upturn.

In the first half of the year, the performance of the ifo business climate index for IT service providers was similar to that of the general ifo index, climbing from 25.9 to 31.0 in the period from January to March. Thereafter, the index deteriorated to 18.9 until June. Contrary to the general ifo index, an upward trend with an improvement to 19.9 was recorded in July. The Bitkom-ifo Digital Index, which maps the current business situation as well as business expectations and calculates the business climate from these, also currently shows a slight improvement.

IFO INDEX FOR IT SERVICE PROVIDERS



OVERALL ASSESSMENT

The first half of 2023 was marked by great uncertainty due to the geopolitical tensions and their macroeconomic effects. For this reason, a certain degree of reluctance to invest was obvious especially among medium-sized customers.

Despite these circumstances, the IT market performance was rather good. In view of the high relevance of IT for both industry and public-sector clients, many investments were not postponed. However, the global PC and traditional client business market exhibited some weakness, as some customers stretched the product life cycles of their hardware after the investments in home office infrastructures in prior years.

Despite this challenging market setting, Bechtle performed very well. In the six-month period, the business volume went up by 12.4 per cent, and the revenue growth amounted to 9.0 per cent. The public-sector division and corporate customers in particular continued to invest in the development of sustainable IT landscapes. Bechtle significantly outperformed the overall market, gaining further market shares.

As Bechtle AG does not publish any forecasts for individual quarters, it is not possible to compare the actual figures with target figures. Nevertheless, we can state that the growth rates of the business volume, revenue and earnings in the first six months were in line with our expectations for 2023 as a whole. Therefore, we confirm our forecast as published from page 146 in the annual report for 2022. In the year as a whole, we intend to increase our revenue and earnings significantly and to keep the margin more or less at the prior-year level.

EARNINGS POSITION

- Revenue growth at 9.0 per cent in the first half-year
- Earnings undergo significant year-on-year growth
- EBT margin 5.7 per cent, almost unchanged

ORDER POSITION

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 master and operating agreements that Bechtle concludes with customers have terms of several years.

In the first half of 2023, incoming orders amounted to approximately €3,381 million, about 3 per cent more than in the prior year (€3,295 million). Incoming orders in the IT System House & Managed Services segment underwent an increase of about 6 per cent to €2,190 million (prior year: €2,067 million). In the IT E-Commerce segment, incoming orders amounted to €1,191 million, about 3 per cent less than in the prior year (€1,228 million).

As of 30 June, the order backlog amounted to €1,410 million (prior year: €1,815 million). Of this amount, the IT System House & Managed Services segment accounted for €1,165 million (prior year: €1,311 million), and the IT E-Commerce segment for €245 million (prior year: €504 million).

BUSINESS VOLUME

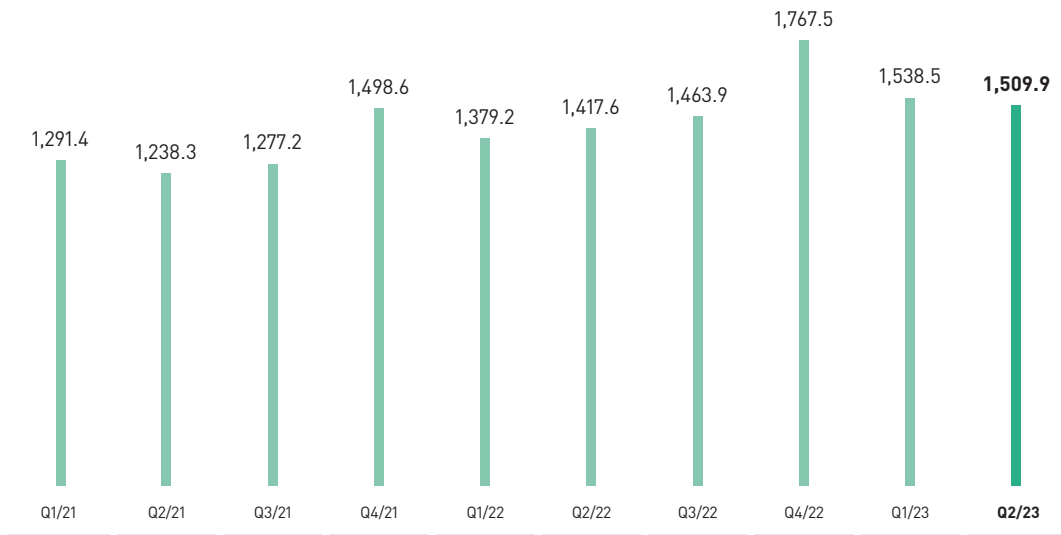
In the first six months of 2023, the business volume amounted to €3,701.6 million, an increase of 12.4 per cent over the prior-year amount of €3,291.9 million. In the second quarter, too, the growth dynamics remained at a high level at 9.2 per cent.

REVENUE

Despite difficult framework conditions, Bechtle was able to step up its revenue in the first half of 2023 by 9.0 per cent to €3,048.4 million. Amongst other things, the growth was driven by sustainably high demand from public sector and large accounts. The revenue growth in the second quarter amounted to 6.5 per cent. The organic growth rates were 5.4 per cent in the six-month period and 2.4 per cent in the second quarter.

GROUP REVENUE

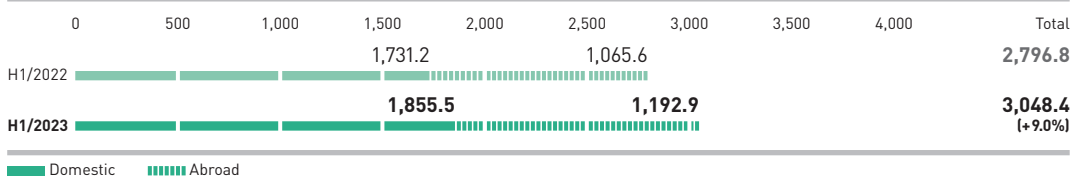
€m



From the regional perspective, the international companies grew by 11.9 per cent, while the German companies grew by 7.2 per cent. The higher growth of the international companies occurred mainly due to acquisitions. As far as the purely organic growth is concerned, the revenue in the first half of the year went up by 7.2 per cent in Germany and 2.5 per cent internationally.

REGIONAL REVENUE DISTRIBUTION

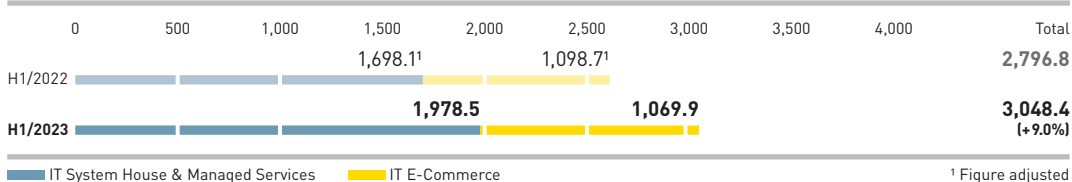
€m



In the first six months, the IT System House & Managed Services segment boosted its revenue by 16.5 per cent. The organic revenue growth amounted to 12.7 per cent. The revenue increased by 12.5 per cent in Germany and by 42.1 per cent internationally, due mainly to acquisitions. The revenue performance in the second quarter was no longer as dynamic as in the first quarter, but still at a high level. In total, the revenue in the second quarter rose by 13.7 per cent. Internationally, the revenue growth in the second quarter amounted to 39.0 per cent. At 9.6 per cent, the organic revenue growth was also very good. In Germany, revenue growth of 9.7 per cent was achieved in the second quarter.

REVENUE BY SEGMENTS

€m

¹ Figure adjusted

In the IT E-Commerce segment, the revenue in the first six month totalled €1,069.9 million, 2.6 per cent less than the €1,098.7 million reported in the prior year. While at the international level, we still recorded growth of 3.6 per cent, the companies in Germany were greatly impacted especially by the macroeconomic-driven uncertainty among medium-sized customers. In this area, revenue dropped by 22.1 per cent.

REVENUE – GROUP AND SEGMENTS

	H1/2023	H1/2022	Change	Q2/2023	Q2/2022	Change
Group	3,048,444	2,796,755	9.0%	1,509,945	1,417,587	6.5%
Domestic	1,855,547	1,731,165	7.2%	923,974	886,189	4.3%
Abroad	1,192,897	1,065,590	11.9%	585,971	531,398	10.3%
IT System House & Managed Services	1,978,527	1,698,053¹	16.5%	984,997	865,974¹	13.7%
IT E-Commerce	1,069,917	1,098,702¹	-2.6%	524,948	551,613¹	-4.8%

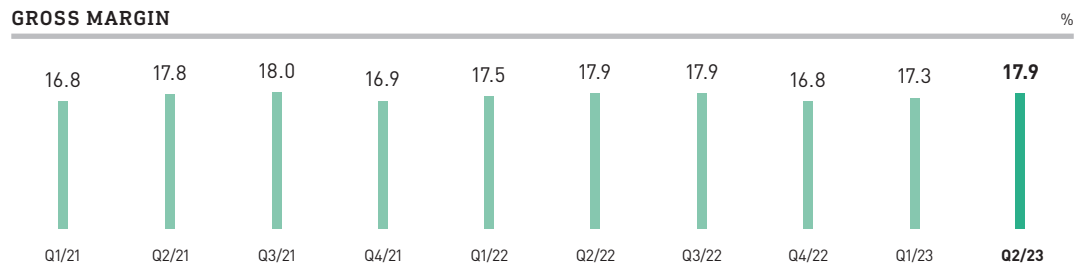
¹ Prior year adjusted

Based on an average of 12,776 full-time equivalents (FTE; without absentees and trainees), revenue per employee in the group dropped slightly from €242 thousand to €239 thousand. In the IT System House & Managed Services segment, revenue per employee rose to €197 thousand, compared to €187 thousand in the prior year. In the field of IT E-Commerce, revenue per employee receded from €444 thousand to €390 thousand.

EARNINGS

From January to June 2023, cost of sales increased by 9.1 per cent, a rate only slightly higher than that of the revenue growth. Material costs developed at a disproportionately lower rate of 7.9 per cent. This was due to the high demand for services related to sustainable IT landscapes and the drop of the order backlog which had increased during the supply chain frictions. The personnel expenses included in the cost of sales underwent a disproportionately high increase of 17.7 per cent. Other operating expenses as well as depreciation and amortisation included in the cost of sales also experienced a disproportionately high increase as well. The gross margin decreased slightly from 17.7 per cent to 17.6 per cent. Gross earnings amounted to €536.3 million, 8.4 per cent more than in the previous year (€494.6 million). In the second quarter, the cost of sales increased at the same rate as the revenue, driven once again by a disproportionately low increase in material costs. Thus, the gross margin remained steady at 17.9 per cent.

GROSS MARGIN



In the first six months of the year, distribution costs and administrative expenses increased at a disproportionately high rate. Distribution costs went up by 12.5 per cent to €208.5 million. The ratio increased from 6.6 per cent to 6.8 per cent. This increase was caused by personnel expenses and other operating expenses. Administrative expenses increased at a less disproportionately high rate of 10.4 per cent to €175.7 million. Accordingly, the administrative expense ratio merely increased slightly from 5.7 per cent to 5.8 per cent. The background was a considerable increase in centrally posted depreciation and amortisation and, here too, a considerable increase in other operating expenses. Other operating income went up to €25.0 million, a year-on-year increase of €10.0 million (prior year: €15.0 million). As in the first quarter, this was due to higher vendor grants for marketing measures for the roll-out of new IT infrastructures and technologies in the context of digital transformation.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) underwent a substantial increase of 9.6 per cent to €237.5 million. In the reporting period, the EBITDA margin increased slightly from 7.7 per cent to 7.8 per cent. In the second quarter, the EBITDA margin went up from 8.1 per cent to 8.4 per cent.

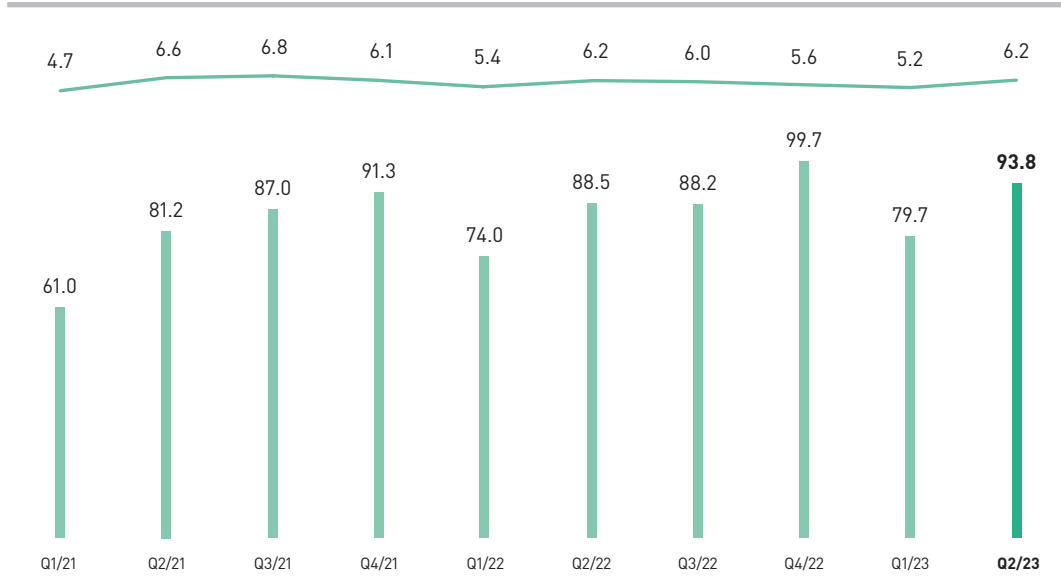
Due to acquisitions and other factors, depreciation and amortisation increased by 17.0 per cent to €60.4 million. Depreciation of property, plant and equipment, which amounted to €50.3 million in the first half of the year, continued to account for the largest share.

Earnings before interest and taxes (EBIT) increased by 7.2 per cent to €177.1 million. The margin amounted to 5.8 per cent, almost the same as in the prior year (5.9 per cent).

In the first half of 2023, the group thus generated earnings before taxes (EBT) of €173.5 million, a significant year-on-year increase of 6.7 per cent (prior year: €162.6 million). Accordingly, the EBT margin amounted to 5.7 per cent, after 5.8 per cent in the prior year. In the second quarter, the EBT margin remained at the prior-year level of 6.2 per cent.

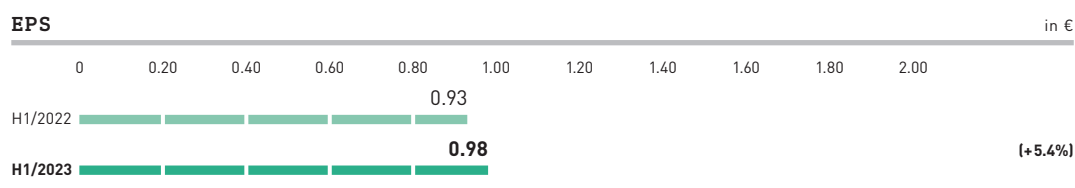
EBT AND EBT MARGIN

€m and %



In the reporting period, tax expenses went up by 10.1 per cent to €50.6 million. Thus, the tax rate was 29.2 per cent, after 28.3 per cent in the prior year.

Earnings after taxes improved by 5.4 per cent from €116.6 million to €122.9 million. On the basis of 126 million shares, earnings per share (EPS) increased to €0.98 (prior year: €0.93). In the second quarter, EPS amounted to €0.53 (prior year: €0.50).



Earnings by segments were as follows:

In the first half of 2023, EBIT in the IT System House & Managed Services segment increased by 18.7 per cent to €119.7 million (prior year: €100.9 million). The EBIT margin was 6.1 per cent, after 5.9 per cent in the prior year. This figure was affected by factors such as the above-mentioned high demand for complex, sustainable IT infrastructures in the field of our customers' multi-cloud transformation as well as the decrease of the order backlog. Thanks to this positive development, it was possible to more than compensate for the higher cost base.

In the first six months, the IT E-Commerce segment generated EBIT of €57.4 million, a year-on-year decline of 10.7 per cent (prior year: €64.2 million). The margin was 5.4 per cent, after 5.8 per cent in the prior year.

EBIT – GROUP AND SEGMENTS € k

	H1/2023	H1/2022	Change	Q2/2023	Q2/2022	Change
Group	177,089	165,125	7.2%	96,122	89,800	7.0%
IT System House & Managed Services	119,737	100,888	18.7%	63,794	53,903	18.3%
IT E-Commerce	57,352	64,237	-10.7%	32,328	35,897	-9.9%

ASSETS AND FINANCIAL POSITION

- Balance sheet underlines economic stability
- Equity ratio up to 46.9 per cent
- Cash flow from operating activities develops very well

As of the reporting date of 30 June 2023, the Bechtle Group's balance sheet total amounted to €3,369.4 million, slightly less than as of 31 December 2022 (€3,447.9 million).

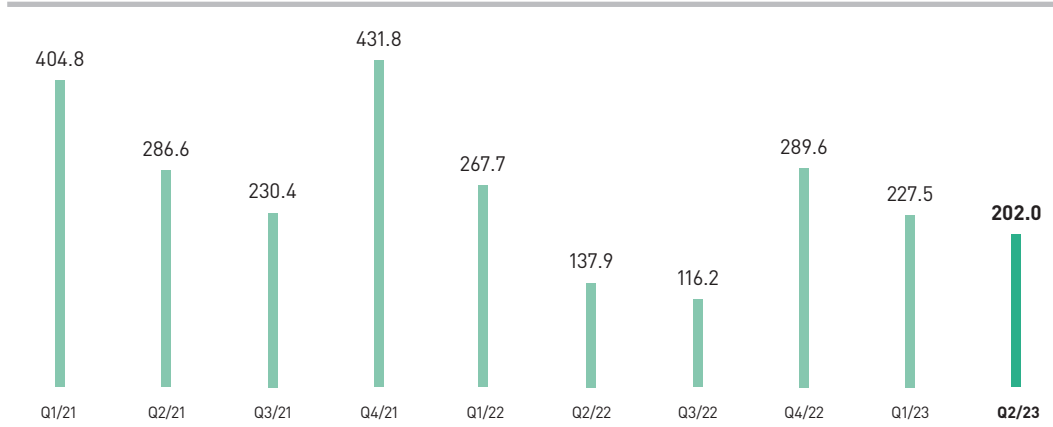
DEVELOPMENT OF THE ASSETS

Non-current assets went up from €1,115.2 million to €1,273.1 million. Goodwill in particular increased by €79.9 million due to acquisitions. Property, plant and equipment went up as well, namely by €61.6 million. The capitalisation ratio climbed from 32.3 per cent to 37.8 per cent.

Current assets dropped by €236.4 million to €2,096.3 million. Compared to the end of 2022, inventories went down by €45.0 million or 7.4 per cent. Trade receivables declined even more, namely by €156.2 million or 12.9 per cent. Year-on-year, our average DSO (days sales outstanding) in the first six months of 2023 decreased slightly from 42.0 days to 41.8 days. As a result of the dividend payment, the purchase price payment of acquisitions and other factors, cash and cash equivalents dropped by €63.2 million to €166.4 million. The total liquidity (cash and cash equivalents including time deposits and securities) of €202.0 million still represents an adequate figure.

LIQUIDITY INCLUDING TIME DEPOSITS AND SECURITIES

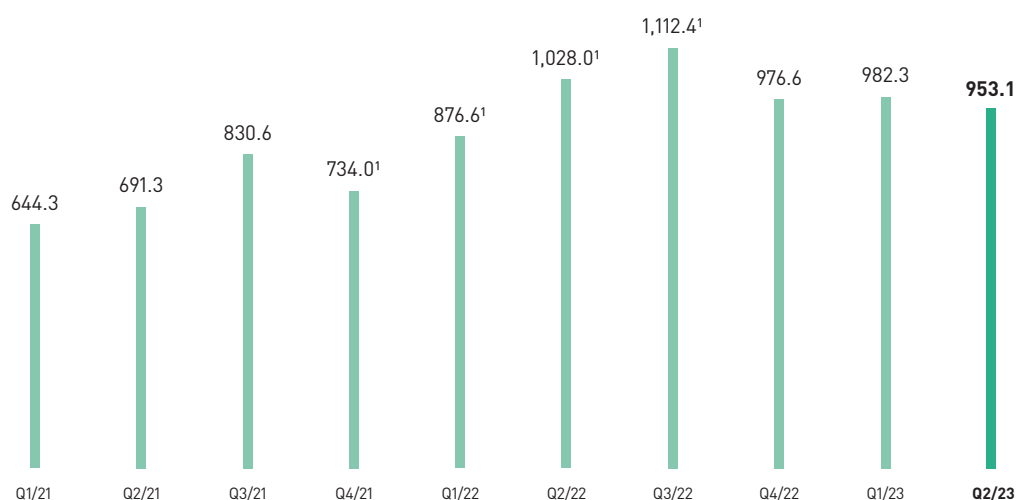
€m



Compared to the end of the year, the working capital dropped by 2.4 per cent and amounted to €953.1 million as of the reporting date of 30 June 2023. This positive development was due to declines in inventories and trade receivables. In relation to the business volume, the working capital underwent a decline from 31.2 per cent in the corresponding prior-year period to 25.8 per cent as of 30 June 2023.

WORKING CAPITAL

€ m



¹ Figure adjusted

DEVELOPMENT OF THE EQUITY AND LIABILITIES

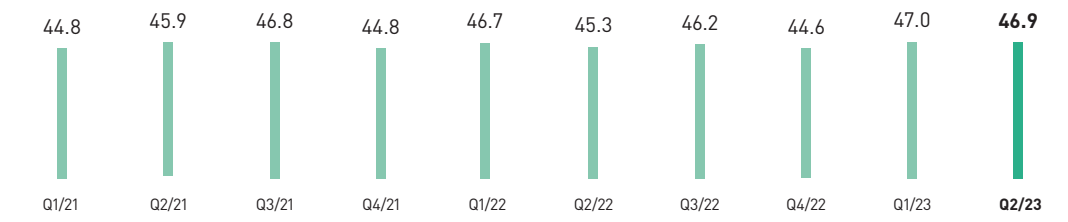
As of 30 June 2023, non-current liabilities totalled €509.1 million, €44.2 million more than as of 31 December 2022. This was due especially to the increase in leasing liabilities, which are included in other liabilities.

Current liabilities dropped by €165.7 million to €1,278.9 million. Following the substantial reduction at the start of the year, especially the trade payables dropped by €154.5 million. Other liabilities also dropped by €80.8 million, due especially to lower liabilities to personnel and lower VAT liabilities.

As of 30 June 2023, the equity increased from €1,538.3 million to €1,581.4 million. Our equity ratio increased from 44.6 per cent as of the end of 2022 to 46.9 per cent as of the reporting date.

EQUITY RATIO

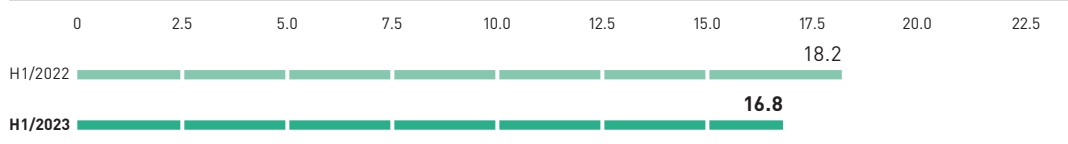
%



The extrapolated return on equity declined from 18.2 per cent to 16.8 per cent.

RETURN ON EQUITY

%

**BALANCE SHEET KPI OF THE BECHTLE GROUP**

		30.06.2023	31.12.2022
Balance sheet total	€m	3,369.4	3,447.9
Cash and cash equivalents	€m	202.0	289.6
Equity	€m	1,581.4	1,538.3
Equity ratio	%	46.9	44.6
Net debt	€m	265.2	83.7
Debt ratio	%	113.1	124.1
Working capital	€m	953.1	976.6

DEVELOPMENT OF THE CASH FLOW

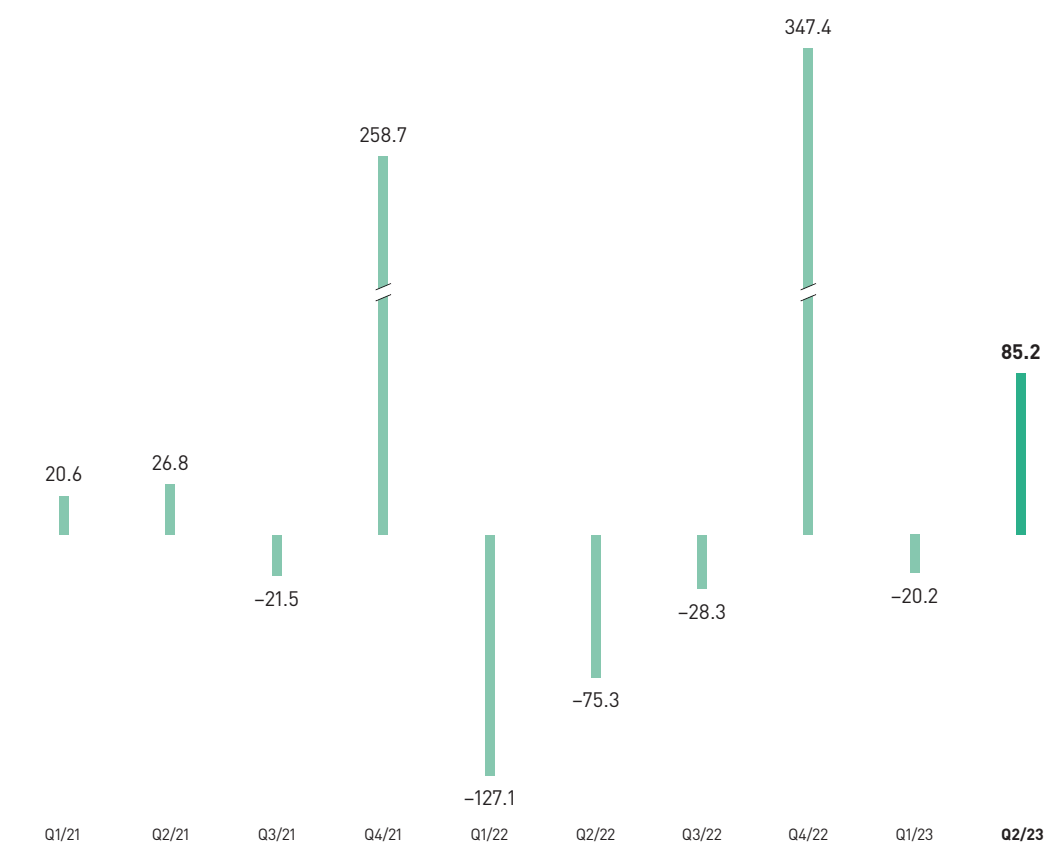
The cash flow from operating activities performed very well in the first half of 2023 and amounted to +€65.0 million, after –€202.4 million in the corresponding prior-year period. The two main factors that gave rise to this development were

- as expected, a partial reduction of the high stock level of inventories, which resulted in a cash inflow of €51.1 million (prior year: cash outflow of €157.9 million), and
- the reduction in trade receivables that we achieved with the help of optimised receivables management, which also resulted in a cash inflow (€171.3 million, after –€20.7 million in the prior year).

In the second quarter, the cash flow from operating activities amounted to €85.2 million, after –€75.3 million in the prior year. The developments in the second quarter were comparable to those in the first half of the year.

CASH FLOW FROM OPERATING ACTIVITIES

€ m



In the first half of 2023, the cash flow from investing activities amounted to –€104.1 million, after –€92.0 million in the prior year. The outflow for acquisitions and the outflow for investments were slightly higher than in the prior year.

The cash flow from financing activities amounted to –€24.2 million, after –€4.5 million in the corresponding prior-year period. In particular, the outflow for the repayment of financial liabilities was higher than in the prior year.

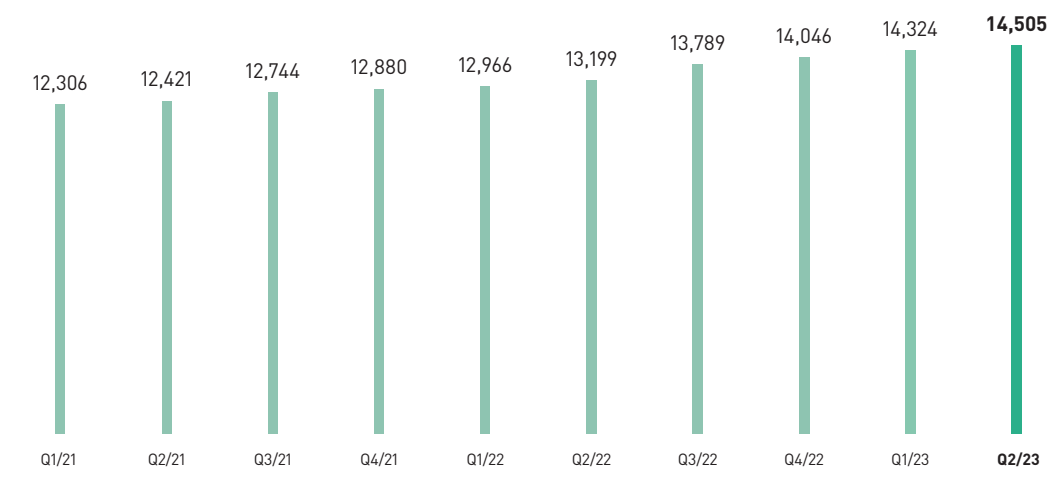
From January to June 2023, the free cash flow underwent a year-on-year improvement from –€294.8 million to –€65.8 million. In the second quarter, the free cash flow even reached a positive figure of €25.3 million.

PEOPLE AT BECHTLE

- Organic headcount increase moderate
- Education and training as an investment for the future

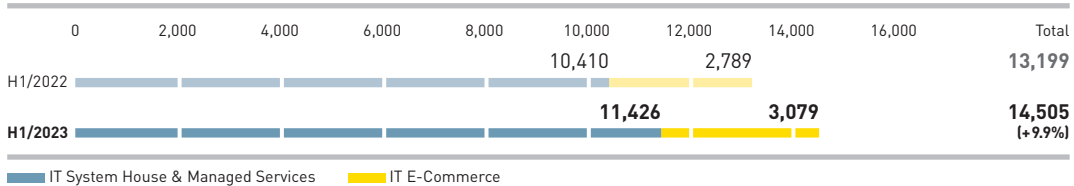
As of the reporting date of 30 June 2023, the Bechtle Group had a total of 14,505 employees, including 685 trainees. Compared to 30 June 2022, the headcount thus went up by 1,306, an increase of 9.9 per cent. A large portion of this increase is attributable to acquisitions in both segments. A total of 450 new colleagues joined Bechtle in this way. Disregarding acquisitions, the headcount increase in the first six months of the year amounted to 6.5 per cent.

EMPLOYEES IN THE GROUP

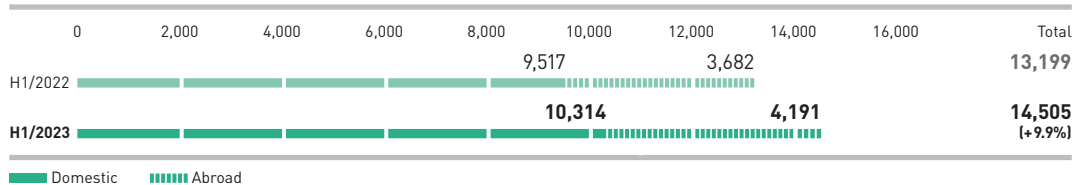


Year-on-year, the number of employees in the IT System House & Managed Services segment went up by 9.8 per cent. The growth was largely evenly distributed over the German and international companies. The IT E-Commerce segment recorded a similar headcount increase of 10.4 per cent. At 16.2 per cent, the international companies underwent the highest increase, due especially to acquisitions.

EMPLOYEES BY SEGMENTS

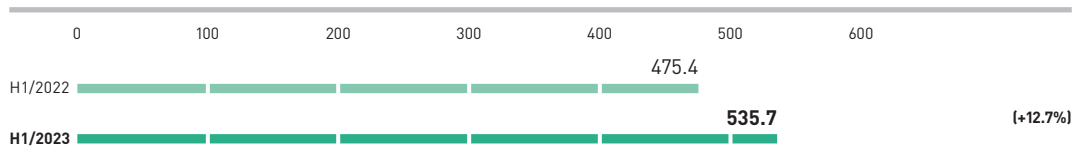


As of 30 June 2023, our international companies had 4,191 employees: about 30 per cent of the total headcount.

EMPLOYEES BY REGIONS

Expressed in full-time equivalents (FTE), an average of 13,852 employees worked for Bechtle from January to June 2023 (prior year: 12,526), an increase of 1,326 people or 10.6 per cent.

In the period from January to June 2023, personnel and social expenses totalled €535.7 million, 12.7 per cent more than in the corresponding prior-year period (€475.4 million). The main reason for the increase was the almost 10 per cent higher headcount. The expense ratio went up from 17.0 per cent to 17.6 per cent. Based on an average of 13,497 employees (prior year: 12,202), personnel and social expenses per FTE (without absentees) amounted to €39.7 thousand, after €39.0 thousand in the prior year.

PERSONNEL AND SOCIAL EXPENSES

Our human resources work continues to focus on education and training. To encourage young people to sign up for a traineeship or an integrated degree programme, Bechtle attended numerous recruitment events in various regions in the first half of 2023. Furthermore, university cooperation arrangements, girls' days and high-school internships at various locations give young people the opportunity to get to know the company.

As of the start of the new training year in September 2023, Bechtle will train trainees in marketing communication for the first time. Furthermore, a new degree programme in sustainable management at DHBW Mosbach, which has been accredited with the help of Bechtle, will start.

As of 30 June 2023, Bechtle had 685 young trainees and students on integrated degree programmes, a year-on-year increase of 81.

With the broad offering of our academy and the Learning Campus platform, we have a wide range of target-specific training options for both newcomers and professionals. In the first half of 2023, a total of 3,544 people attended in-person events. The e-learning offering was used more than 40,000 times.

One of the objectives of both the junior management programme and the general management programme is to convey and expand leadership skills in order to make sure that strategically important executive positions can continue to be staffed from the company's own ranks. In the first half of 2023, the junior management programme was successfully completed by 83 participants, and 77 people started the programme; 14 employees began the general management programme. Moreover, 17 IT business architects completed their training with a certification.

The career shifter programme "Future in IT", which had been introduced in September 2022, continued in the first half of 2023. In February, 16 people enrolled for the almost five month's long programme, and in July, another 14 people started. The next round is set to begin in November 2023.

In June, the Top Employers Institute awarded Bechtle the renowned title "Top Employer 2023". Thus, our company is one of the leading employers in Germany. This is also reflected in the number of job applications received. Year-on-year, incoming job applications surged by 40 per cent.

RESEARCH AND DEVELOPMENT

As a pure service and trading company, Bechtle does not engage in any research. However, software and application development activities are conducted both for internal purposes and individual customer projects. Furthermore, 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. In the reporting period, the scope of development services was insignificant in relation to the revenue.

OPPORTUNITIES AND RISKS

In line with the long-term focus of the strategy and business management of the Bechtle Group, the opportunities and risks for the coming months are basically the same as those presented in the annual report for 2022. The risk of a deterioration in the macroeconomic situation however has become more acute. For instance, economic forecasts in the reporting period – for Germany in particular – have been adjusted downwards, in some case substantially. The scene is still dominated by macroeconomic challenges and geopolitical tensions, due especially to the Russian war of aggression against Ukraine. The associated uncertainty with regard to the impact on the global economy is very high. So far, the fact that many of the risk scenarios feared in 2022 and in early 2023 have not materialised has not improved the mood in the economy.

The situation in the global supply chain continued to relax considerably in the first half of the year. The situation has largely returned to normal for virtually all product groups. Network components, too, have improved noticeably, though delivery times in this area still amount to up to four months. However, we expect the situation to normalise by the end of the year.



See
Annual Report 2022,
page 117 ff

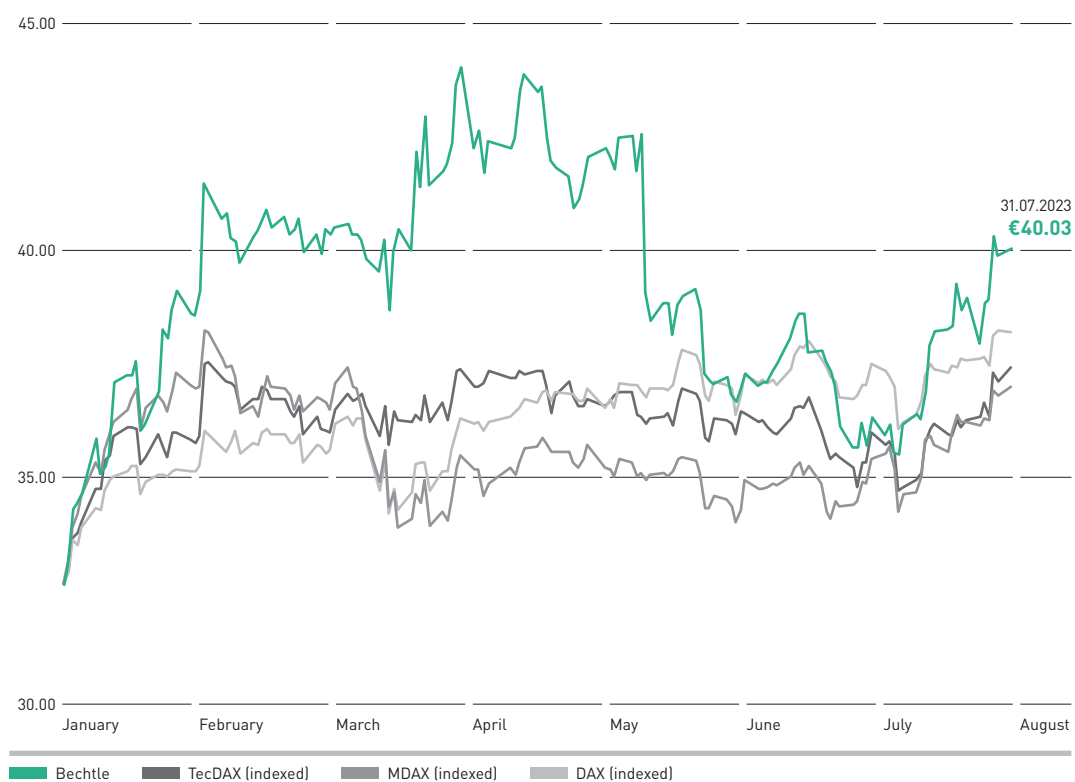
SHARE

- Share performance shows positive trend
- Dividend payout of €0.65
- Supervisory Board expanded to 16 members

Despite the ongoing geopolitical and economic uncertainties, the capital market performance in the first six months of 2023 was positive. The DAX went up by 16.0 per cent and even reached a new high in June. As of 30 June 2023, the MDAX and the TecDAX closed with a plus of 9.9 per cent and 9.7 per cent, respectively.

THE BECHTLE SHARE – PERFORMANCE FROM JANUARY TO JULY 2023

€



The Bechtle share initially outperformed the reference indices. On 31 March 2023, the share reached €43.99, the highest value in the reporting period, starting from its low at the beginning of the trading year. After slight price losses, the price stabilised at a level of about €37 from mid-May and closed with a gain of 9.9 per cent on 30 June.

As of 30 June, the market cap amounted to €4,576.3 million, slightly less than in the prior year. This development only had a minor impact on the stock exchange ranking. The company ranked 60th in the MDAX (prior year: 58th) and 11th in the TecDAX (prior year: 10th).

TRADING DATA OF THE BECHTLE SHARE

		H1/2023	H1/2022	H1/2021	H1/2020	H1/2019
Closing price on 30 June	€	36.32	39.01	52.22	52.33	33.67
Performance	%	+9.9	-38.0	-12.2	+25.4	+48.9
High (closing price)	€	43.99	63.12	60.83	52.83	36.87
Low (closing price)	€	32.68	36.29	49.85	28.35	20.77
Market cap – total ¹	€m	4,576.3	4,915.3	6,579.3	6,594.0	4,242.0
Avg. turnover/trading day ²	shares	188,820	272,801	84,534	156,811	115,453
Avg. turnover/trading day ²	€	7,357,518	12,675,626	13,789,353	20,172,898	10,002,420

Xetra price data

¹ As of 30 June

² All German stock exchanges

The Annual General Meeting of Bechtle AG took place on 25 May 2023. This year, we again were pleased to welcome more than 500 shareholders and about 200 other guests on-site in Heilbronn, Germany. Additionally, registered shareholders had the possibility to follow the Annual General Meeting live via an online portal, where they were also able to exercise their voting rights. All agenda items were adopted with the required majority.

Thus, the Annual General Meeting accepted the proposal of the Executive Board and Supervisory Board of Bechtle AG to pay out a dividend of €0.65 per share for the 2022 fiscal year. The payment per share certificate thus increased by €0.10 or 18.2 per cent. This was the 17th increase of the normal dividend overall and the 13th in a row. This year too, Bechtle AG has thus continued its shareholder-friendly dividend policy, which it has pursued since its IPO in 2000. In relation to the closing price as of the end of the six-month period, the dividend yield amounted to 1.8 per cent.

DIVIDEND

		2023	2022	2021	2020	2019
Dividend	€	0.65	0.55	0.45 ¹	0.40 ¹	0.33 ¹
Dividend payout ratio	%	32.6	29.9	29.4	29.6	30.6
Dividend yield ²	%	1.8	1.4	0.9	0.8	1.0

¹ Figures adapted to share split

² As of 30 June

FORECAST



Events after the reporting period, see Notes, page 43

- Framework conditions still tense
- Forecast for IT market lowered
- Bechtle confirms forecast for 2023

MACROECONOMY



ec.europa.eu

According to the forecast of the European Commission of May 2023, the economic performance in the EU will even out at a low level in the coming months. The growth is expected to amount to 0.3 per cent both in the third quarter and in the fourth quarter. Among the EU countries in which Bechtle is present, growth expectations are very similar. For the third quarter, the expectations range from 0.2 per cent in the Netherlands and Austria to 1.0 per cent in Hungary. In the fourth quarter, the bandwidth ranges from 0.2 per cent in the Netherlands to 0.6 per cent in Hungary. GDP growth of 1.0 per cent is projected for the EU for 2023 as a whole. Next year, the GDP in the EU is again expected to grow by 1.7 per cent.

In Germany, too, economic growth is expected to remain at a low level in the second half of the year. As in the EU, growth rates of 0.3 per cent are predicted for the two remaining quarters. GDP growth of 0.2 per cent is expected for 2023 as a whole and of 1.4 per cent for 2024. The prospects for the German economy are, however, also viewed less favourably by some. The IMF, for instance, in its July 2023 forecast lowered its expectations for the development of German GDP to -0.3 per cent.

INDUSTRY



bitkom.org

The expectations for the German IT market have become somewhat gloomier. According to the latest figures of the industry association bitkom of July 2023, growth of 3.0 per cent is currently expected for this year, whereas at the beginning of the year, the growth forecast had been 6.3 per cent. The highest growth of 9.6 per cent is expected in the software segment. Service revenue is expected to grow by 5.3 per cent, and the hardware market by -3.6 per cent.

PERFORMANCE OF THE BECHTLE GROUP

The first six months of 2023 were marked by encumbering macroeconomic circumstances and great uncertainty with regard to the further macroeconomic development. This impacted the investment behaviour especially of our medium-sized customers. While the demand for sustainable IT solutions in the field of data centres and networks was high, investments in conventional IT infrastructure, such as PCs and monitors, were often postponed. Nevertheless, Bechtle AG was able to achieve significant revenue and earnings growth and keep the EBT margin largely stable in the first half of the current fiscal year. Thus, we are precisely within the target corridor of our expectations for the year as a whole. While the development in the first half of the year still benefited from the remaining order backlog, we do not anticipate any major impulses of this kind in the second half of the year. Rather, we will see normalisation, meaning that incoming orders in a period will more or less correspond to the business volume and revenue growth. We expect the demand to go up somewhat in the second half of the year, provided that the mood in medium-sized companies throughout Europe improves again. In view of the good performance in the first six months and the continued optimism with regard to the second half of the year, the Executive Board confirms the forecast published in the annual report for 2022 starting from page 146. In the year as a whole, we intend to increase our revenue and earnings significantly and to keep the margin more or less at the prior-year level.

Neckarsulm, 11 August 2023

Bechtle AG
The Executive Board

CONSOLIDATED INCOME STATEMENT

€k

	01.04– 30.06.2023	01.04– 30.06.2022	01.01– 30.06.2023	01.01– 30.06.2022
Revenue	1,509,945	1,417,587	3,048,444	2,796,755
Cost of sales	1,239,884	1,163,843	2,512,117	2,302,139
Gross profit	270,061	253,744	536,327	494,616
Distribution costs	107,728	97,527	208,509	185,290
Administrative expenses	79,584	74,728	175,721	159,155
Other operating income	13,373	8,311	24,992	14,954
Earnings before interest and taxes	96,122	89,800	177,089	165,125
Financial income	1,379	300	2,532	558
Financial expenses	3,716	1,581	6,142	3,125
Earnings before taxes	93,785	88,519	173,479	162,558
Income taxes	27,832	24,898	50,617	45,993
Earnings after taxes (attributable to shareholders of Bechtle AG)	65,953	63,621	122,862	116,565
Net earnings per share (basic and diluted) in €	0.53	0.50	0.98	0.93
Weighted average shares outstanding (basic and diluted) in thousands	126,000	126,000	126,000	126,000



See
further comments
in the Notes,
in particular IV.,
page 29ff

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ k

	01.04– 30.06.2023	01.04– 30.06.2022	01.01– 30.06.2023	01.01– 30.06.2022
Earnings after taxes	65,953	63,621	122,862	116,565
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses on pension provisions	385	293	148	351
Income tax effects	-80	-78	-31	-78
Items that will be reclassified to profit or loss in subsequent periods				
Unrealised gains and losses on financial derivatives	148	924	-30	1,012
Income tax effects	-60	-288	-10	-332
Hedging of net investments in foreign operations	-5,486	-9,615	-3,081	-14,413
Income tax effects	1,656	2,896	930	4,341
Currency translation differences	5,588	4,488	4,190	5,834
Other comprehensive income	2,151	-1,380	2,116	-3,285
of which income tax effects	1,516	2,530	889	3,931
Total comprehensive income (attributable to shareholders of Bechtle AG)	68,104	62,241	124,978	113,280



See further comments in the Notes, in particular IV. and V., page 29ff and page 33f

CONSOLIDATED BALANCE SHEET

ASSETS	€k		
	30.06.2023	31.12.2022	30.06.2022
Non-current assets			
Goodwill	634,058	554,197	545,549
Other intangible assets	108,022	99,701	99,116
Property, plant and equipment	427,130	365,512	346,266
Trade receivables	68,492	67,126	51,962
Deferred taxes	9,401	9,451	9,674
Other assets	25,984	19,191	15,519
Total non-current assets	1,273,087	1,115,178	1,068,086
Current assets			
Inventories	562,690	607,696	675,350
Trade receivables	1,050,216	1,206,399	986,924
Income tax receivables	17,286	21,559	6,937
Other assets	264,123	207,450	206,049
Time deposits and securities	35,526	60,000	0
Cash and cash equivalents	166,436	229,590	137,917
Total current assets	2,096,277	2,332,694	2,013,177
Total assets	3,369,364	3,447,872	3,081,263



See
further comments
in the Notes,
in particular V.,
page 33f

EQUITY AND LIABILITIES

€ k

	30.06.2023	31.12.2022	30.06.2022
Equity			
Issued capital	126,000	126,000	126,000
Capital reserves	40,228	40,228	40,228
Retained earnings	1,415,169	1,372,091	1,230,866
Total equity	1,581,397	1,538,319	1,397,094
Non-current liabilities			
Pension provisions	8,819	7,927	14,087
Other provisions	10,818	10,371	11,734
Financial liabilities	257,257	261,895	309,663
Trade payables	402	522	538
Deferred taxes	33,438	33,452	36,906
Other liabilities	142,168	100,328	97,951
Contract liabilities	56,066	49,628	40,954
Deferred income	113	796	1,596
Total non-current liabilities	509,081	464,919	513,429
Current liabilities			
Other provisions	22,530	30,767	33,296
Financial liabilities	209,913	111,380	126,736
Trade payables	544,557	699,030	519,611 ¹
Income tax payables	12,699	27,851	14,597
Other liabilities	298,442	379,242	310,915 ¹
Contract liabilities	185,751	193,392	161,516
Deferred income	4,994	2,972	4,069 ¹
Total current liabilities	1,278,886	1,444,634	1,170,740
Total equity and liabilities	3,369,364	3,447,872	3,081,263

¹ Prior year adjusted

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€k

	Issued capital	Capital reserves	Retained earnings		Total	Total equity (attributable to shareholders of Bechtle AG)
			Accrued profits	Changes in equity outside profit or loss		
Equity as of 1 January 2022	126,000	40,228	1,156,960	29,926	1,186,886	1,353,114
Distribution of profits for 2021			-69,300		-69,300	-69,300
Earnings after taxes			116,565		116,565	116,565
Other comprehensive income				-3,285	-3,285	-3,285
Total comprehensive income	0	0	116,565	-3,285	113,280	113,280
Equity as of 30 June 2022	126,000	40,228	1,204,225	26,641	1,230,866	1,397,094
Equity as of 1 January 2023	126,000	40,228	1,338,778	33,313	1,372,091	1,538,319
Distribution of profits for 2022			-81,900		-81,900	-81,900
Earnings after taxes			122,862		122,862	122,862
Other comprehensive income				2,116	2,116	2,116
Total comprehensive income	0	0	122,862	2,116	124,978	124,978
Equity as of 30 June 2023	126,000	40,228	1,379,740	35,429	1,415,169	1,581,397



See further comments in the Notes, in particular V., page 33f

CONSOLIDATED CASH FLOW STATEMENT

€k

	01.04– 30.06.2023	01.04– 30.06.2022	01.01– 30.06.2023	01.01– 30.06.2022
Operating activities				
Earnings before taxes	93,785	88,519	173,479	162,558
Adjustment for non-cash expenses and income				
Financial earnings	2,337	1,281	3,610	2,567
Depreciation and amortisation of intangible assets and property, plant and equipment	30,215	25,221	60,374	51,621
Gains and losses on disposal of intangible assets and property, plant and equipment	-113	-723	-293	-521
Other non-cash expenses and income	-6,209	6,018	-10,753	8,930
Changes in net assets				
Changes in inventories	95,095	-43,131	51,068	-157,872
Changes in trade receivables	-14,044	-24,420	171,272	-20,655
Changes in trade payables	-37,119	-80,776	-167,221	-115,571
Changes in deferred income	-17,847	-606	-1,667	29,364
Changes in other net assets	-19,459	-17,861	-150,421	-96,546
Income taxes paid	-41,428	-28,846	-64,469	-66,287
Cash flow from operating activities	85,213	-75,324	64,979	-202,412
Investing activity				
Cash paid for acquisitions less cash acquired	-31,219	-71,530	-90,006	-71,721
Cash paid for investments in intangible assets and property, plant and equipment	-29,878	-16,821	-46,242	-35,458
Cash received from the sale of intangible assets and property, plant and equipment	1,195	9,590	5,518	14,778
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets	0	0	25,000	0
Interest payments received	1,073	196	1,626	394
Cash flow from investing activities	-58,829	-78,565	-104,104	-92,007
Financing activities				
Cash paid for the repayment of financial liabilities	-3,103	-2,319	-66,997	-21,178
Cash received from the assumption of financial liabilities	49,240	105,243	161,689	112,099
Dividends paid	-81,900	-69,300	-81,900	-69,300
Interest paid	-2,530	-425	-5,019	-1,045
Outflow for the repayment of finance leases	-15,003	-12,733	-31,962	-25,036
Cash flow from financing activities	-53,296	20,466	-24,189	-4,460
Exchange-rate-related changes in cash and cash equivalents	1,268	3,613	160	5,045
Changes in cash and cash equivalents	-25,644	-129,810	-63,154	-293,834
Cash and cash equivalents at beginning of the period	192,080	267,727	229,590	431,751
Cash and cash equivalents at the end of the period	166,436	137,917	166,436	137,917



See further comments in the Notes, in particular VI., page 34f

NOTES

I. GENERAL DISCLOSURES

Bechtle AG, Bechtle Platz 1, 74172 Neckarsulm, Germany, 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 EU. Accordingly, this interim financial report as of 30 June 2023 has been prepared in accordance with the IFRS.

In accordance with IAS 34, the scope of the presentation used in this interim financial report as of 30 June 2023 is significantly reduced compared to the consolidated financial statements as of the end of the fiscal year.

Our business activity is subject to certain seasonal fluctuations during the year. In the past, the revenue and earnings contributions tended to be at their lowest in the first quarter and at their highest in the fourth quarter, due to the traditionally strong year-end business. Therefore, the interim results only qualify as indicators for the results of the fiscal year as a whole to a limited extent.

II. KEY PRINCIPLES OF ACCOUNTING AND CONSOLIDATION



For existing and unchanged IFRS, the key principles of accounting and consolidation applied in the preparation of the condensed interim consolidated financial statements are in line with those applied in the preparation of the consolidated financial statements for the 2022 fiscal year.

In accordance with IAS 34, the determination of the tax expense in the interim period takes place on the basis of the effective tax rate expected for the full fiscal year. Taxes related to extraordinary events are taken into consideration in the quarter in which the underlying event occurs.

As it is still impossible to ascertain what the global consequences of the Russian war of aggression on Ukraine, estimates and discretionary decisions are subject to increased uncertainty. The actual amounts can differ from the estimates and discretionary decisions. Any available information about the prospective economic development was taken into consideration in the update of the estimates and discretionary decisions. Moreover, this information was taken into consideration in the impairment testing of the financial assets, especially of the trade receivables.

The carrying amounts of the goodwill and of the brands presented under other intangible assets (except for Inmac WStore) are tested annually for impairment based on the value in use. Based on the assumptions and sensitivity analyses made as of 31 December 2022 as well as the business performance in the first half of 2023, there are no indications for any need for impairment. The next yearly impairment test to be conducted pursuant to IAS 36 will be conducted on the basis of the information available as of 30 September 2023.

III. SCOPE OF CONSOLIDATION

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

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

Company	Headquarters	Time of initial consolidation	Acquisition/Founding
Tangible Benefit Ltd.	London, United Kingdom	14 March 2023	Acquisition
Fondo ICT Professionals B.V.	Utrecht, Netherlands	5 April 2023	Acquisition
SGSolution AG	Wallisellen, Switzerland	4. May 2023	Acquisition
Bechtle Managed Services ApS	Copenhagen, Denmark	10 May 2023	Founding
Bechtle Management s.r.o.	Prague, Czech Republic	19 June 2023	Founding

IV. NOTES TO THE INCOME STATEMENT AND THE STATEMENT OF COMPREHENSIVE INCOME

REVENUE

The revenue amounting to €3,048,444 thousand (prior year: €2,796,755 thousand) includes the considerations charged to customers for goods and services less rebates and discounts.

The following table shows the breakdown of the revenue:

	01.01–30.06.2023			01.01–30.06.2022		
	IT System House & Managed Services	IT E-Commerce	Group	IT System House & Managed Services	IT E-Commerce	Group
	IT trading revenue	1,376,278	1,039,393	2,415,671	1,181,579 ¹	1,081,102 ¹
IT service revenue	602,249	30,524	632,773	516,474	17,600	534,074
Total revenue	1,978,527	1,069,917	3,048,444	1,698,053¹	1,098,702¹	2,796,755

¹ Adjustment prior year

In this context, the IT E-Commerce business segment mainly generates IT trading revenue that is recognised at a point in time. The revenue in the IT System House & Managed Services business segment consists primarily of IT trading revenue that is also recognised at a point in time and an IT service revenue portion that is recognised either at a point in time or over time.

As a matter of principle and irrespective of the industry, all customers are commercial end customers and public-sector clients. In the six-month period ended, the product groups that achieved the highest revenue were mobile computing, IT services, peripherals and network components. With these product groups, Bechtle generated about 59 per cent of the total revenue (prior year: 69 per cent).

The following table shows the breakdown of the revenue by public-sector clients and commercial end customers:

	01.01–30.06.2023			01.01–30.06.2022		
	IT System House & Managed Services	IT E-Commerce	Group	IT System House & Managed Services	IT E-Commerce	Group
	Public-sector clients	805,656	372,652	1,178,308	662,006 ¹	283,847 ¹
Commercial buyers	1,172,871	697,265	1,870,136	1,036,047 ¹	814,855 ¹	1,850,901 ¹
Total revenue	1,978,527	1,069,917	3,048,444	1,698,053¹	1,098,702¹	2,796,755

¹ Adjustment prior year



See page 37f

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

EXPENSE STRUCTURE

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	Cost of sales		Distribution costs		Administrative expenses	
	01.01– 30.06.2023	01.01– 30.06.2022	01.01– 30.06.2023	01.01– 30.06.2022	01.01– 30.06.2023	01.01– 30.06.2022
Material costs	2,198,667	2,037,872	0	0	0	0
Personnel and social expenses	259,696	220,627	165,307	148,951	110,659	105,864
Depreciation/amortisation	26,504	21,906	13,425	12,507	20,445	17,208
Other operating expenses	27,250	21,734	29,777	23,832	44,617	36,083
Total expenses	2,512,117	2,302,139	208,509	185,290	175,721	159,155

The year-on-year increase in material costs mainly resulted from the higher business volume. Personnel and social expenses went up due to the higher number of employees. Other operating expenses were higher than in the corresponding prior-year period, especially due to higher costs for software licenses, job advertisements and travel expenses.

The material costs include net income of €42 thousand from exchange rate fluctuations (prior year: €2,983 thousand).

OTHER OPERATING INCOME

The main reason for the increase in other operating income was the year-on-year increase in marketing grants and other compensation from suppliers. In the first half of 2023, these amounted to €21,081 thousand (prior year: €10,966 thousand) and thus account for the bulk of the other operating income. This was due to higher vendor grants for marketing measures for the roll-out of the digital transformation in the context of new IT infrastructures and technologies.

FINANCIAL INCOME AND FINANCIAL EXPENSES

The financial income comprises income from call money, time deposits and financial receivables.

The financial expenses mainly included interest paid for the financial liabilities.

EARNINGS PER SHARE

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

		01.01- 30.06.2023	01.01- 30.06.2022
Earnings after taxes	€k	122,862	116,565
Average number of outstanding shares		126,000,000	126,000,000
Earnings per share	€	0.98	0.93

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

OTHER COMPREHENSIVE INCOME



See page 23

Other comprehensive income was mainly affected by the development of the euro/Swiss franc exchange rate. As in the corresponding prior-year period, the Swiss franc slightly lost value against the euro in the first half of 2023.



See Annual Report 2022,
page 204f

Details on the composition of the other comprehensive income, which is recognised outside profit or loss, with respect to the change that this item underwent and its accumulated balance are presented in section V. "Notes to the Balance Sheet and Statement of Changes in Equity".

V. NOTES TO THE BALANCE SHEET AND TO THE STATEMENT OF CHANGES IN EQUITY

ASSETS

The acquisitions in the first six months resulted in an increase in goodwill and other intangible assets. These investments and the dividend payout, which was higher than in the 2022 fiscal year, resulted in a decrease in cash and cash equivalents. As of 30 June 2023, other current assets included contract assets amounting €77,196 thousand (31 December 2022: €49,944 thousand).

EQUITY

Issued Capital

As was the case on 31 December 2022, the company's share capital as of 30 June 2023 was divided into 126,000,000 fully paid-up ordinary shares of a calculated nominal value of €1.00 each. Each share has one vote.

Retained Earnings

At the Annual General Meeting on 25 May 2023, a resolution was adopted to pay a dividend of €0.65 per no-par share with dividend entitlement for the 2022 fiscal year. The dividend was paid out on 31 May 2023.



Dividend payment

In terms of its accumulated balance as of the balance sheet date and its change during the period under review, the other comprehensive income to be recognised outside profit or loss was composed as follows:

	30.06.2023			31.12.2022		
	Before taxes	Income tax effects	After taxes	Before taxes	Income tax effects	After taxes
	Actuarial gains and losses on pension provisions	17,896	-3,557	14,339	17,748	-3,526
Unrealised gains and losses on hedges	827	-28	799	857	-18	839
Hedging of net investments in foreign operations	-48,577	14,751	-33,826	-45,496	13,821	-31,675
Currency translation differences	54,117	0	54,117	49,927	0	49,927
Other comprehensive income	24,263	11,166	35,429	23,036	10,277	33,313

€k

	01.01–30.06.2023			01.01–30.06.2022		
	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						
Actuarial gains and losses on pension provisions	148	-31	117	351	-78	273
Items that will be reclassified to profit or loss in subsequent periods						
Unrealised gains and losses on hedges	-30	-10	-40	1,012	-332	680
Gains and losses that arose in the current period	82	-10	72	1,124	-332	792
Reclassifications to profit and loss	-112	0	-112	-112	0	-112
Hedging of net investments in foreign operations	-3,081	930	-2,151	-14,413	4,341	-10,072
Gains and losses that arose in the current period	-3,081	930	-2,151	-14,413	4,341	-10,072
Reclassifications to profit and loss	0	0	0	0	0	0
Currency translation differences	4,190	0	4,190	5,834	0	5,834
Other comprehensive income	1,227	889	2,116	-7,216	3,931	-3,285

LIABILITIES



For further details of the loans, see Annual Report 2022 page 214

The decline in trade payables was mainly caused by the usual seasonal fluctuations during the year, with a high-revenue final quarter.

VI. NOTES TO THE CASH FLOW STATEMENT

The year-on-year increase in the cash flow from operating activities is the result of the higher earnings, the high reduction of trade receivables and the reduction of inventories. On the other hand, the higher reduction of trade payables and the change in other net assets resulted in a higher cash outflow than in the corresponding prior-year period.

The cash flow from investing activities was marked by higher outflows for acquisitions and for intangible assets and property, plant and equipment in the reporting period.

The cash flow from financing activities was mainly marked by the repayment of financial liabilities raised in the reporting period. Moreover, the dividend of €81,900 thousand that was paid out for the 2022 fiscal year resulted in an outflow of cash and cash equivalents. The dividend for the fiscal year 2021, which had been paid out in the prior year, had amounted to €69,300 thousand.

VII. LEASES

As of the closing date, the trade receivables contained lease receivables amounting to €78,375 thousand (31 December 2022: €77,021 thousand). The undiscounted lease payments that are due on a yearly basis are as follows:

	€k	
	30.06.2023	31.12.2022
Due within one year	31,772	30,073
Due in one to two years	23,768	23,019
Due in two to three years	17,332	15,423
Due in three to four years	6,787	9,373
Due in four to five years	1,682	1,436
Due after five years	10	39
Minimum lease payments	81,350	79,363

The interest share of the lease payments corresponds to the not yet realised financial income.

VIII. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities (financial instruments) are classified according to IFRS 7. The allocation of the financial instruments contained in the individual balance sheet items in this interim financial report corresponds to the allocation in the Annual Report 2022.



See
Annual Report 2022,
page 194ff and page 219ff

According to IFRS 13, the measurement methods are divided into the following three levels, depending on the key parameters on which the measurement is based:

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 following table presents the carrying amounts and fair value of the financial instruments for the classes of financial instruments according to IFRS 7, their measurement level according to IFRS 13 and the measurement category according to IFRS 9.

€k						
Class pursuant to IFRS 7	Measurement category IFRS 9	Carrying amount 30.06.2023	Fair value 30.06.2023	Carrying amount 31.12.2022	Fair value 31.12.2022	Level
Assets						
Non-current trade receivables	AC	20,500	18,481	19,111	17,296	3
Current trade receivables	AC	1,019,833	1,019,833	1,177,393	1,177,393	2
Non-current lease receivables	n/a	47,992	42,937	48,015	42,131	3
Current lease receivables	n/a	30,383	30,383	29,006	29,006	2
Time deposits						
Fixed-term deposits	AC	35,526	35,526	60,000	60,000	2
Other financial assets	AC	173,129	173,129	140,082	140,082	2
Financial derivatives						
Derivatives accounted for as hedges	n/a	241	241	215	215	2
Derivatives not accounted for as hedges	FVTPL	1,487	1,487	1,609	1,609	2
Cash and cash equivalents	AC	166,436	166,436	229,590	229,590	1
Equity and liabilities						
Loans	AC	467,170	453,020	373,275	358,373	2
Non-current trade payables	AC	402	375	522	487	3
Current trade payables	AC	544,557	544,557	699,030	699,030	2
Non-current lease liabilities	n/a	140,047	123,708	98,451	87,800	3
Current lease liabilities	n/a	52,991	52,991	51,424	51,424	2
Other financial liabilities	AC	169,519	169,519	208,556	208,556	3
Liabilities resulting from acquisitions	FVTPL	2,397	2,397	3,862	3,862	3
Financial derivatives						
Derivatives accounted for as hedges	n/a	69	69	124	124	2
Derivatives not accounted for as hedges	FVTPL	6,628	6,628	3,995	3,995	2
Thereof aggregated according to measurement category pursuant to IFRS 9						
	AC	2,597,072	2,580,876	2,907,559	2,890,807	
	FVTPL	10,512	10,512	9,466	9,466	

Abbreviations used for the measurement categories of IFRS 9:

AC = Amortised cost

FVTPL = Fair value through profit or loss

During the reporting period, there were no reclassifications between measurements at fair value of Level 1 and Level 2 and no reclassifications to or from measurements at fair value of Level 3.

The liabilities resulting from acquisitions are conditional, additional purchase price payments (earn-outs) for acquisitions. During the reporting period, the calculation methodology and sensitivities did not undergo any material changes.



See
Annual Report 2022,
page 220

Liabilities from acquisitions developed as follows:

Financial assets and liabilities in Level 3	01.01.2023	Total gains and losses			Additions	Compensation/ settlement	Reclassification	30.06.2023
		recognised in financial earnings	recognised in profit or loss in income statement					
Liabilities resulting from acquisitions	3,862	12	1	1,067	-2,545	0	2,397	

The €12 thousand posted as expense under financial earnings were fully attributable to future payments accounted for as of 30 June 2023.

IX. SEGMENT INFORMATION

The segment information is presented on the basis of the same principles as in the consolidated financial statements for 2022 fiscal year.



Segment information
on employees,
see page 42

By segments	01.01–30.06.2023					01.01–30.06.2022				
	IT System House & Managed Services	IT E-Commerce	Total group before PvA ¹	Reconciliation PvA	Total group after PvA	IT System House & Managed Services	IT E-Commerce	Total group before PvA ¹	Reconciliation PvA	Total group after PvA
Total segment business volume	2,453,930	1,284,317				2,075,949	1,245,728			
less intersegment business volume	-33,494	-3,157				-26,632	-3,180			
Business volume (gross revenue)	2,420,436	1,281,160	3,701,596	-653,152	3,048,444	2,049,317	1,242,548	3,291,865	-495,110	2,796,755
Depreciation/amortisation	-38,472	-11,815	-50,287		-50,287	-32,482	-11,359	-43,841		-43,841
Segment earnings	124,784	62,392	187,176		187,176	105,198	67,707	172,905		172,905
Depreciation/amortisation from acquisitions	-5,047	-5,040	-10,087		-10,087	-4,310	-3,470	-7,780		-7,780
Earnings before financial earnings and taxes	119,737	57,352	177,089		177,089	100,888	64,237	165,125		165,125
Financial earnings			-3,610		-3,610			-2,567		-2,567
Earnings before taxes			173,479		173,479			162,558		162,558
Income taxes			-50,617		-50,617			-45,993		-45,993
Earnings after taxes			122,862		122,862			116,565		116,565
Investments	100,426	22,538	122,964		122,964	43,492	16,143	59,635		59,635
Investments through acquisitions	30,121	63,059	93,180		93,180	80,581	0	80,581		80,581

¹ Principal versus agent (PvA) accounting

See chart
IT service revenue,
page 30



In the IT E-Commerce segment, the trading revenue is mostly recognised at the point in time when Bechtle's performance obligation is fulfilled through transfer of the goods to the customer. The trade revenue of the business segment IT System House & Managed Services is also recognised at a point in time in the case of delivery of goods. Where combinations of goods and services are provided, the recognition takes place upon acceptance by the customer. Only IT service revenue can be recognised over time. In this segment, pure service revenue accounted for 30 per cent of the revenue (prior year: 30 per cent).

By regions	01.01–30.06.2023			01.01–30.06.2022		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
	Revenue	1,855,547	1,192,897	3,048,444	1,731,165	1,065,590
Investments	102,472	20,492	122,964	42,693	16,942	59,635
Investments through acquisitions	0	93,180	93,180	1,601	78,980	80,581

€k

As the total segment assets are not part of the internal reporting, this information is not disclosed in the interim financial report.

X. ACQUISITIONS AND PURCHASE PRICE ALLOCATION

The following chart presents the companies acquired in the reporting period, in which Bechtle acquired 100 per cent of the interest:

Company	Headquarters	Time of initial consolidation	Acquisition
Tangible Benefit Ltd.	London, United Kingdom	14 March 2023	Acquisition
Fondo ICT Professionals B.V.	Utrecht, Netherlands	5 April 2023	Acquisition
SGSolution AG	Wallisellen, Switzerland	4 May 2023	Acquisition

All company acquisitions were recognised in the balance sheet according to the purchase method and must still be considered as provisional with regard to the identification and measurement of newly identified assets.

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:

	Tangible Benefit Ltd.	Fondo ICT Professionals B.V.	SGSolution AG	€k Total
Non-current assets				
Goodwill	51,376	23,017	2,639	77,032
Other intangible assets	10,863	4,000	451	15,314
Property, plant and equipment	114	0	15	129
Other assets	0	89	0	89
Total non-current assets	62,353	27,106	3,105	92,564
Current assets				
Inventories	931	0	485	1,416
Trade receivables	10,364	4,983	0	15,347
Other assets	169	92	63	324
Cash and cash equivalents	13,536	5,617	929	20,082
Total current assets	25,000	10,692	1,477	37,169
Total assets	87,353	37,798	4,582	129,733
Non-current liabilities				
Deferred taxes	2,716	1,000	84	3,800
Other liabilities	0	0	0	0
Total non-current liabilities	2,716	1,000	84	3,800
Current liabilities				
Trade payables	9,982	2,636	0	12,618
Income tax payables	0	0	73	73
Other provisions and liabilities	2,010	2,371	111	4,492
Deferred income	0	1,708	0	1,708
Total current liabilities	11,992	6,715	184	18,891
Total liabilities	14,708	7,715	268	22,691
Total assets - Total liabilities = consideration	72,645	30,083	4,314	107,042

Apart from the assets and liabilities already recognised by the acquired companies, whose carrying amounts corresponded to their fair value, customer relationships in the amount of €15,314 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 (€3,800 thousand) were recognised.

Under consideration of the acquired total net assets in the amount of €30,010 thousand, the capital consolidation resulted in a total preliminary difference of €77,032 thousand that is presented as goodwill. 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.

Taking into account the cash and cash equivalents taken over, the consideration for the companies acquired in the first half of 2023 (€107,042 thousand) resulted in an outflow of cash and cash equivalents of €85,893 thousand. The purchase contract of SGSolution AG provides for a conditional purchase price payment of €1,067 thousand.

The receivables taken over were not subject to any major impairment.

By means of the acquisition of Tangible Benefit Ltd. headquartered in London the IT E-Commerce segment in the UK has been strengthened and expanded. Founded in 1997, the company enjoys an excellent reputation and is well known in the industry. Its core business comprises hardware procurement including plug-and-play services and software licensing. Security and network services as well as lifecycle management supplement the product portfolio. Together with Bechtle direct UK, major vendor partners will benefit from an even stronger interface to customers in the British B2B market.

Moreover, Bechtle has strengthened its market presence in the Netherlands by acquiring the VMware and software specialist Fondo ICT Professionals B.V. in Utrecht. The company is a firmly established service provider for modern workplace, multi-cloud and software as a service (SaaS). The takeover of Fondo represents the addition of a renowned specialist of the long-standing vendor partners VMware und Microsoft to the Bechtle Group in the IT System House & Managed Services segment. The goal is to merge and consolidate the locations with PQR B.V., which had been acquired in the prior year.

By acquiring SGSolution AG headquartered in Wallisellen Bechtle has supplemented its activities in the IT System House & Managed Services segment in Switzerland in the field of additive manufacturing, in which the German subsidiaries SolidPro and SolidLine already successfully operate. Additionally, SGSolution AG expands the PLM offering of the Bechtle Group in Switzerland. In the Swiss market, the CAD/PLM specialist SolidSolutions AG has been part of Bechtle since 2011.

Since their acquisition, the acquired companies have contributed a total of €35.7 million to the revenue and €2.0 million 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 €3,078 million, and earnings after taxes would have amounted to €125.2 million.

Acquisition after the reporting date. On 21 July 2023, Bechtle signed the purchase contract for the French IT system house Apixit S.A.S., headquartered in Les Ulis near Paris. The purchase contract provides for a fixed purchase price of €47.0 million plus financial liabilities taken over. The execution of the acquisition is subject to the condition that the French competition regulator approves the transaction and the French Ministry of Economics grants its permit under foreign trade law. The company, which has about 340 employees, came into existence in 2018 from the merger of the system integrators DCI and RETIS, which had been well established in the French market for three decades. One of the main areas in the product portfolio is the field of cybersecurity with a Security Operations Center (SOC) for all security-relevant IT services at organisations and companies. The company also offers its more than 1,000 medium-sized and large customers IT infrastructure services, digital workplace concepts and network solutions as well as comprehensive managed services from consulting to audits and outsourcing.

On 2 August 2023, Bechtle acquired Prosol Ingenieria S.L. and Prosol Iscat S.L., thereby supplementing its portfolio in Spain with IT services for the first time. The acquired companies, which have 50 employees in total, are located in Las Rozas near Madrid and Terrassa near Barcelona. The companies have operated as system integrators for industrial enterprises in the Spanish market since 1996. Apart from the portfolio, the acquisition also supplements the customer base and strengthens Bechtle's position with key vendor partners. The consideration associated with the acquisition amounted to €6,688 thousand and resulted in an outflow of cash and cash equivalents. The purchase agreement does not provide for any conditional purchase price payments.

On 3 August 2023, Bechtle acquired the IT consultancy sastema GmbH, headquartered in Hünfelden near Frankfurt am Main. The IT company, which was founded in 2018 and has 21 employees, strengthens the IT System House & Managed Services segment with security solutions for customers that are active especially in the finance and insurance industry. The consideration associated with the acquisition amounted to €2,119 thousand and resulted in an outflow of cash and cash equivalents. The purchase contract provides for a conditional purchase price payment of €300 thousand.

XI. PEOPLE AT BECHTLE

The employee numbers were as follows:

	30.06.2023	31.12.2022	01.01- 30.06.2023	01.01- 30.06.2022
Full and part-time staff without absentees	13,439	12,870	13,249	12,008
Trainees without absentees	681	791	724	647
Absent employees	385	385	386	350
Temporary staff	388	396	382	363
Total	14,893	14,442	14,741	13,368

The employee numbers (without temporary staff) break down by segments and regions as follows:

	30.06.2023	31.12.2022	01.01- 30.06.2023	01.01- 30.06.2022
IT System House & Managed Services	11,426	11,110	11,313	10,246
Domestic	9,468	9,241	9,396	8,629
Abroad	1,958	1,869	1,917	1,617
IT E-Commerce	3,079	2,936	3,046	2,759
Domestic	846	842	851	859
Abroad	2,233	2,094	2,195	1,900

The employee numbers (without absent employees and without temporary staff) break down by functional areas as follows:

	30.06.2023	31.12.2022	01.01- 30.06.2023	01.01- 30.06.2022
Services	6,846	6,426	6,709	6,049
Sales	3,932	3,878	3,893	3,590
Administration	3,342	3,357	3,371	3,016
Total	14,120	13,661	13,973	12,655

XII. NOTEWORTHY EVENTS AFTER THE REPORTING PERIOD

No noteworthy events occurred at Bechtel after the end of the reporting period.

Neckarsulm, 11 August 2023

Bechtel AG
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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 for the remaining months of the financial year.

Neckarsulm, 10 August 2023

Bechtle AG
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

AUDITING INFORMATION

The present interim financial report was neither audited, according to Article 317 of the HGB, nor revised by the auditor.

Forward-looking Statements

This interim financial report contains statements that relate to the future performance of Bechtle AG. Such statements are based on assumptions and estimates. Though the Executive Board believes that these forward-looking statements are realistic, this cannot be guaranteed. The assumptions are subject to risks and uncertainties that may result in consequences that differ substantially from those anticipated.

Bechtle's financial accounting and reporting policies comply with the International Financial Reporting Standards (IFRS) as endorsed by the EU. Due to rounding differences, percentages stated in the report may differ slightly from the corresponding amounts in € million. Similarly, totals may differ from the individual values.

FINANCIAL CALENDAR

INTERIM REPORT 2023 (30 JUNE)

Friday, 11 August 2023

QUARTERLY STATEMENT 3RD QUARTER 2023 (30 SEPTEMBER)

Friday, 10 November 2023

See bechtle.com/de-en/financial-calendar for further dates and changes.

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Today and tomorrow.

