

SUSTAIN
THE
FUTURE.

Your strong IT partner.
Today and tomorrow.



REVENUE:

€5.305 billion

(PLUS 5.1%)

EBT:


320.5 million

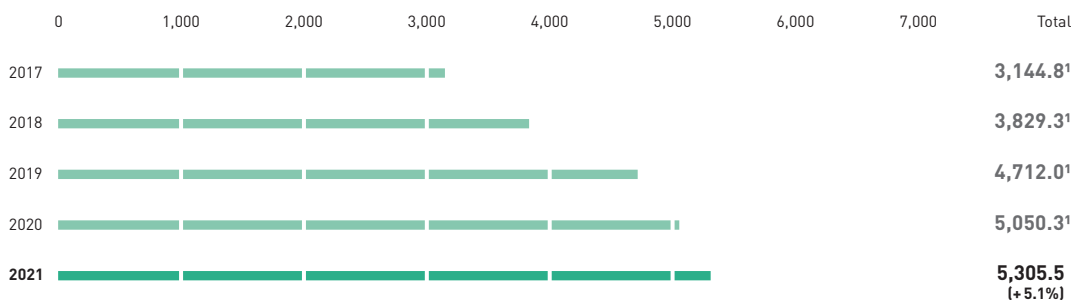
(6.0% MARGE)

5 YEARS IN BRIEF

REVENUE


€m

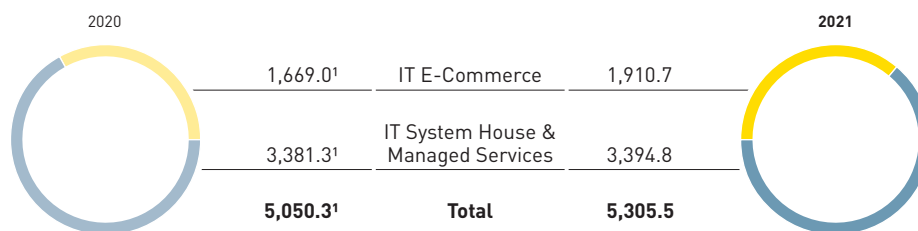

For revenue performance see page 93 ff



REVENUE BY SEGMENTS


€m

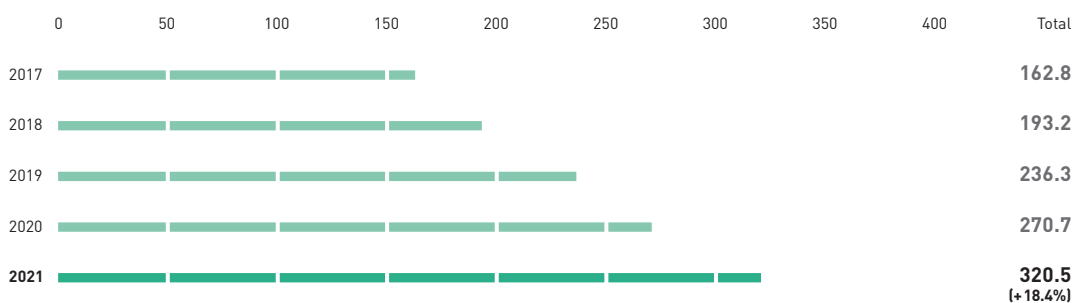

For segment reporting see page 97 ff

¹ Adjustment prior year

EBT


€m

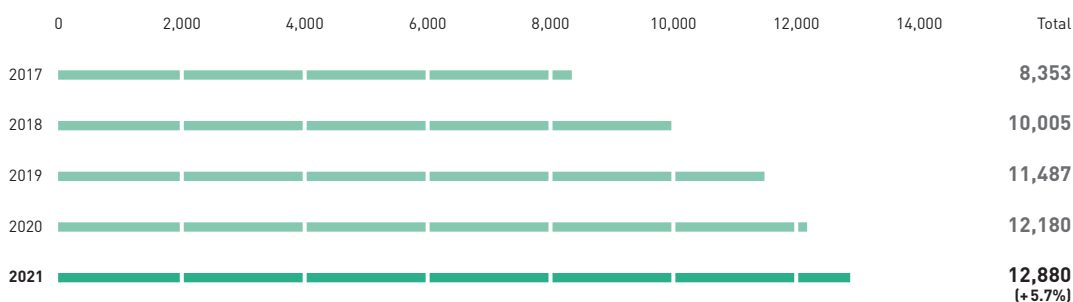

For earnings situation see page 94 f



EMPLOYEES

as of 31 December


For development of employee numbers see page 66 ff



EPS:

€1.84

(PLUS 20.2%)

DIVIDEND:

€0.55³

(PLUS 22.2%)

01. 5 YEARS IN FIGURES

		2017	2018	2019	2020	2021	Change in % 2021-2020
Business volume	€k	3,570,124	4,323,318	5,374,453	5,819,243	6,245,794	7.3
Revenue	€k	3,144,775 ¹	3,829,303 ¹	4,711,997 ¹	5,050,271 ¹	5,305,489	5.1
IT System House & Managed Services	€k	2,235,490 ¹	2,576,136 ¹	3,062,815 ¹	3,381,306 ¹	3,394,793	0.4
IT E-Commerce	€k	909,285 ¹	1,253,167 ¹	1,649,182 ¹	1,668,965 ¹	1,910,696	14.5
EBITDA	€k	196,182	237,058	325,980	375,092	428,724	14.3
IT System House & Managed Services	€k	140,614	157,764	209,495	251,677	286,693	13.9
IT E-Commerce	€k	55,568	79,294	116,485	123,415	142,031	15.1
EBIT	€k	164,252	195,081	241,370	276,955	325,721	17.6
IT System House & Managed Services	€k	114,501	126,084	149,832	179,451	212,237	18.3
IT E-Commerce	€k	49,751	68,997	91,538	97,504	113,484	16.4
EBIT margin	%	5.2 ¹	5.1 ¹	5.1 ¹	5.5 ¹	6.1	
IT System House & Managed Services	%	5.1 ¹	4.9 ¹	4.9 ¹	5.3 ¹	6.3	
IT E-Commerce	%	5.5 ¹	5.5 ¹	5.6 ¹	5.8 ¹	5.9	
EBT	€k	162,804	193,242	236,320	270,705	320,500	18.4
EBT margin	%	5.2 ¹	5.0 ¹	5.0 ¹	5.4 ¹	6.0	
Earnings after taxes	€k	114,562	137,141	170,484	192,547	231,446	20.2
Earnings per share	€	0.91 ²	1.09 ²	1.35 ²	1.53 ²	1.84	20.2
Dividend per share	€	0.30 ²	0.33 ²	0.40 ²	0.45 ²	0.55 ³	22.2
Equity ratio	%	53.9	43.6	42.4	43.2	44.8	
Cash and cash equivalents⁴	€k	174,827	250,922	272,197	403,173	431,751	7.1
Working capital	€k	492,865	580,794	647,728	652,674	693,694	6.3
Cash flow from operating activities	€k	54,261	140,525	185,973	317,453 ¹	284,492	-10.4
Number of employees (as of 31.12)		8,353	10,005	11,487	12,180	12,880	5.7
IT System House & Managed Services		6,853	7,772	9,097	9,736	10,156	4.3
IT E-Commerce		1,500	2,233	2,390	2,444	2,724	11.5

¹ Adjustment prior year³ Proposal to the Annual General Meeting² Adapted to share split⁴ Incl. time deposits and securities

For more key figures see multi-year overview, page 250 ff

02. REVIEW BY QUARTER 2021

		1st quarter 01.01-31.03	2nd quarter 01.04-30.06	3rd quarter 01.07-30.09	4th quarter 01.10-31.12	FY 2021 01.01-31.12
Business volume	€k	1,510,202	1,432,793	1,496,092	1,806,707	6,245,794
Revenue	€k	1,291,367 ¹	1,238,289 ¹	1,277,215 ¹	1,498,618	5,305,489
EBITDA	€k	86,951	107,547	114,188	120,038	428,724
EBIT	€k	62,134	82,613	88,425	92,549	325,721
EBT	€k	60,988	81,191	87,028	91,293	320,500
EBT margin	%	4.7 ¹	6.6 ¹	6.8 ¹	6.1	6.0
Earnings after taxes	€k	43,624	57,433	62,731	67,658	231,446

¹ Adjustment quarter

From 12 May 2022, you can find the latest figures for the first quarter of 2022 at bechtle.com/reports

The diversity and colours of our employees who are depicted in this annual report reflect what Bechtle stands for. Our teams in Hamburg and Neckarsulm are representative of more than 12,880 employees.



Dilara Cakil, Talent Acquisition Specialist, System House Hamburg
Sina Sierk, Internal Sales, System House Hamburg
Rainer Thomsen, Branch Manager Kiel, System House Kiel



TO OUR SHAREHOLDERS

SUSTAINABILITY



Integral part of the business model. Bechtle has been working intensively on the topic of sustainability for around ten years. Sustainability considerations and activities have increasingly been made part of our business model. In the reporting period, we published the Sustainability Strategy 2030 in order to reflect this evolved status. The strategy comprises four areas of action, focal points and long-term goals – all of which are aligned with ecological, economic and social aspects. As sustainability cannot be viewed as an isolated phenomenon, but extends across all areas of the company, we are deliberately taking the first step towards integrated reporting in this annual report. From now on, all sustainability topics are highlighted with a sustainability icon.



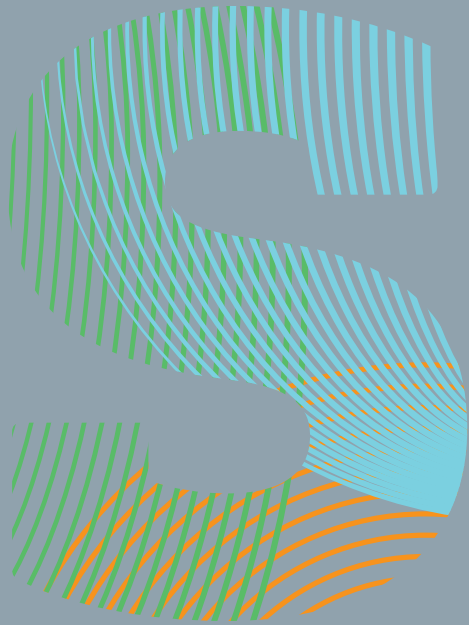
Cross reference
within the Annual Report



Cross reference
to other printed works
and other literature



Cross reference
to information on the Internet
and other literature



TO OUR SHAREHOLDERS

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A TOKEN OF GRATITUDE.



Q1

JAN A token of gratitude. In recognition of their outstanding performance and dedication in the year ended, all Bechtle employees have received a bonus of €500. **FEB Never change a winning team.** The Supervisory Board has renewed the contract with Dr. Thomas Olemotz, Chairman of the Executive Board, ahead of schedule for another five years until 31 December 2026. This was the third time his contract as Chairman of the Executive Board was renewed early. **New Executive Vice President.** Bechtle has expanded the

team of executive vice presidents. In the IT E-Commerce segment, Konstantin Ebert has taken on responsibility for our activities in France, the United Kingdom and Spain. His range of duties also includes international strategic projects. **Collaboration expanded.** Bechtle announced a strategic collaboration with Amazon Web Services. The goal is to support joint customers in the roll-out of individual cloud strategies and in the establishment of highly agile IT solutions. The agreement, which will run for several years, comprises all of Germany, Austria and Switzerland and mainly addresses medium-sized companies and public-sector clients. **Cloud tender throughout Europe.** Bechtle has won lots in the European OCRE cloud tender and provides highly scalable infrastructure-as-a-service solutions of IONOS Cloud and Microsoft Azure as well as accompanying cloud services as a framework agreement partner. **MAR From 0 to 37.** In March, the international marketing consultancy Kantar published the yearly ranking of the most valuable German brands. With an estimated brand value of almost \$1.6 billion, Bechtle was not only included in the ranking for the first time, but was also the best newcomer in 37th place.

APR Security. Bechtle supports the operators of critical infrastructures in warding off and controlling attacks of powerful adversaries and is included in the overview of certified security service providers of the German Federal Office for Information Security. **Girls' Day 2021 digital.** Vocational Orientation 4.0 – that was the motto of this year's Girls' Day. The nationwide campaign offered girls a sneak peek at skilled technical and manual jobs in the IT industry. Several Bechtle locations joined the campaign and invited all girls starting from the eighth grade to the virtual event. **MAY Welcome to GITA, Dynacons.** The Global IT Alliance, which was initiated by Bechtle AG in 2014, has expanded its network with Dynacons Systems & Solutions as a new partner in India. As a result, GITA has closed a gap on the world map and offers customers in the fast-growing Indian market a very experienced partner. **Expanded cloud portfolio.** Bechtle has expanded the portfolio of mission-critical cloud solutions of Virtustream and offers Virtustream cloud services through its own Clouds platform. This enables seamless integration in customers' hybrid and multi-cloud infrastructures. **Vaccination campaign.** A total of 1,012 employees at the headquarters in Neckarsulm and surrounding system houses received their

Q2

COVID-19 shots at Bechtle Platz 1. **JUN Sustainable smartphones.** Bechtle entered a collaboration agreement with Fairphone, becoming one of the first sales partners to market the manufacturer's products in several European countries. For its smartphones, Fairphone pursues a comprehensive, sustainable strategy throughout the entire product life cycle. **Continuity.** Among other things, the Annual General Meeting of Bechtle AG held on 15 June 2021 approved a dividend of €1.35 for the fiscal year 2020. This is an increase of 12.5% and the eleventh increase in a row. **Bechtlethon 2020NE.** 14 countries, one month, three disciplines, one goal: In June, 1,333 Bechtle employees completed a remarkable 109,221 km at the Bechtlethon 2020NE, running, cycling, walking and raising €10,000 for charitable purposes.



BECHTLETHON 2020NE.

JUL Mission POSSIBLE. With the POSSIBLE project, a consortium headed by Bechtle won the GAIA-X funding competition organised by the German Federal Ministry for Economic Affairs and Energy. The selected projects are intended to serve as lighthouse projects to demonstrate the technological and economic benefits of GAIA-X. The European initiative is aimed at ensuring a secure networked data infrastructure that meets the highest standards of digital sovereignty and promotes innovation. **Social responsibility.** After the flood disaster in the German states of Rhineland-Palatinate and North Rhine-Westphalia, Bechtle established its own aid fund and donated €500,000 to it. Furthermore, Bechtle donated another €500,000 to Germany's relief coalition "Aktion Deutschland Hilft". **AUG Goedendag, Cadmes.** Bechtle expanded its presence in the Netherlands and Belgium with Cadmes. The reseller, which is a specialist for 3D CAD software, has about 100 employees and generated a revenue of approximately €17 million in the 2020 fiscal year. **Three for one.** The capital increase from company funds, which was approved by the General Meeting, was implemented by 16 August. The effect is comparable to a 1:3 share split. As a result, the company's share capital has tripled to €126.0 million. The objective is to improve the tradeability of Bechtle shares on the stock exchanges.

SEP Record number of trainees. In the 2021 training year, 244 apprentices and students on integrated degree programmes embarked on their career with Bechtle. As a result, the number of new hires reached a new record level.



Q3



Vienna calling, Open Networks. Bechtle took over the IT service provider Open Networks GmbH, headquartered in Vienna. This has further strengthened Bechtle's competitive position as an IT solution and service provider in the Austrian market. Founded in 2008, the IT service provider has 25 employees and expects a revenue of approximately €12.5 million in the 2021 fiscal year. **Sustainability strategy 2030.** Bechtle published its sustainability strategy, the yardstick for responsible business operations of the Bechtle Group, which combines economic, ecological and social aspects and ties strategic goals to specific measures.

OCT Sports sponsoring. Bechtle became the new sponsoring partner of Germany's women's handball Bundesliga players of Sport-Union Neckarsulm. The EWE Baskets Oldenburg, too, received support from Bechtle. This season, the sys-



tem house Bremen/Oldenburg became the exclusive partner of this team, which plays in Germany's Bundesliga. **NOV New all-time high.** The price of the Bechtle share climbed to a new all-time high of €69.14. At €8.7 billion, the company's market capitalisation is also higher than ever before.

DEC Dataport tender. Dataport awarded a new framework agreement to Bechtle. Starting from 1 January 2023, Dataport is going to procure standardised hardware and accompanying services under this agreement, both for its own organisation and for its customers, until the end of 2026. The range mainly comprises PCs, laptops, thin clients and monitors for about 100,000 seats. The total volume amounts to approximately €220 million. **GITA continues to grow.** The Global IT Alliance further expanded its market presence in North and Central America. The partner network that was co-founded by Bechtle gained two new members, the Canadian IT service provider Compugen and the Microsoft specialist Inova Solutions in the Caribbean. **Farewell.** At the end of the year, Bechtle bid farewell to two retiring long-standing Executive Vice Presidents. Gerhard Marz is a genuine Bechtle veteran who spent 26 years with the company. In his capacity as Executive Vice President, he was responsible for the Public Sector division. Elmar König headed the system-house Cluster North/East. After 16 successful years, he is now ready for a new phase of his life. Their successors will be Steven Handgräteringer and Frank Diers, two experienced Bechtle employees.

Q4

LETTER FROM THE EXECUTIVE BOARD

Dear Stockholders,

Another fiscal year that was out of the ordinary has ended – and will not be forgotten. The second year of the pandemic was challenging in a special way. It often consumed a lot of personal energy and was largely unpredictable from the business perspective. A review of the year reveals a veritable rollercoaster ride. The lowest point was the ongoing supply bottleneck in the chip industry, which caused major project delays, while the highest point was the confirmation that despite the adversities, we are a healthy enterprise that is able to achieve great economic success in an industry with a bright future.

We are aware, that we at Bechtle are looking at 2021 from a rather privileged vantage point. In spite of the many challenges, our company fared well. The pandemic gave the digitisation trend enormous impetus. Deficits became clearly visible, and the benefits of digitisation could no longer be overlooked. This proved to be fertile ground for further sustainable growth by shaping the future with IT. In this phase of high demand against the backdrop of intensifying supply bottlenecks, we saw record figures in incoming orders along with a growing project backlog. As a result, the fourth quarter was rather weak compared to our usual performance.

Given our customers' foresight and willingness to invest, this was very disappointing. Nevertheless, the situation has made it clear that we are indeed working with the right people and the right strategy and that we are well positioned in an industry that will continue to grow and be socially relevant. What is more, the high number of incoming orders has furnished proof that our customers trust in us.

Undoubtedly, our Bechtle team of 12,880 employees – impressively 700 more than in the prior year – plays the most prominent role in our business. Our customers from the industry and the public sector view our employees as important partners that help them to master the challenges of tomorrow. Our employees are aware of the great responsibility involved, and they are ready to shoulder it, knowing that the digital transformation with all its aspects is what drives the future of the economy and public life. With a particularly wide portfolio and matchless expertise, we are well prepared to take on this challenge. My two board colleagues and I are grateful to have the backing of people who demonstrate such a high level of creativity, competence and motivation. We greatly appreciate and respect the achievements made in the 2021 fiscal year, and we are proud of the entire Bechtle team in Europe. Together, we still have a lot to do.

Our confidence is sustained by the above-mentioned unbroken demand situation – our customers are eager to invest in their IT, even more so in these challenging times. At Bechtle, this is evident from the orders on hand, which reached a record high of €1.8 billion on 31 December 2021, a year-on-year increase of 80 per cent. This figure exceeds the highest revenue we ever achieved in a quarter.

I would like to draw your attention to a change in the accounting for the fiscal year ended:

Starting with the annual financial statements as of 31 December 2021, we have decided to change our accounting method for the sale of standard software licences in order to comply with the new regulation of the International Financial Reporting Standards (IFRS) by the IFRS Interpretations Committee (IFRS IC). According to the new method, a substantial portion of the revenue from this business is no longer presented in its entirety but only in the amount of the gross margin achieved. The actual business volume and the income remain unaffected by this change. Though the consolidated revenue drops mathematically, this results in a noticeable margin increase.

With the new accounting approach, the revenue presented in the reporting period changes by about €940 million. After this change, the revenue growth in the 2021 fiscal year thus amounts to 5.1 per cent. The gross earnings, EBIT and EBT are not affected. Earnings before taxes surged by 18.4 per cent to more than €320 million, delivering a significantly higher EBT margin of 6 per cent. You can find more detailed information on this topic in this annual report and on our website under "Investors" ([bechtle.com/ifrs15en](https://www.bechtle.com/ifrs15en)). I would like to emphasise that this change does not impact our actual business volume or our business model. Moreover, the software business will remain an attractive part of our portfolio.

Dear Shareholders, there is one thing we can be sure of: The pace of change will continue to pick up. New challenges lie ahead of us. For this reason, we need to reinforce our resilience in the face of hardships, remain flexible and keep focused on the future. To be sustainably successful, enterprises need to be open to change and future-oriented. For us, this also means that we need to press on with our internationalisation. Accordingly, our M&A strategy has been broadened: We now want to expand our system house business even beyond the borders of Germany, Austria and Switzerland, preferably in countries where we have already gained considerable market shares with E-commerce companies. Our organisation is ready for this step. A total of 102 acquisitions in the history of our company have taught us how integration works and have prepared us for even wider international expansion.

I would like to express my sincere thanks for the trust you put in Bechtle, for the interest that you show in your company and for your backing in this time of risk and uncertainty. You can rest assured that we at Bechtle are looking forward with confidence to what lies ahead of us! We are eager to move forward on this path together with you, with mutual trust and full of curiosity. Thank you for your continued support.

Yours faithfully,



Dr. Thomas Olemotz
Chairman of the Executive Board (CEO)

Neckarsulm, 4 March 2022

JÜRGEN SCHÄFER

Member of the Executive Board, responsible for the IT e-commerce segment. Born in 1958, married, two 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 Executive Vice President, 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.

DR. THOMAS OLEMOTZ

Chairman of the Executive Board, responsible for Logistics & Service, Finance, Financial Services, Controlling and Risk Management, Human Resources and Staff Development, IT, Corporate Communications and Investor Relations, Mergers & Acquisitions, Legal and Compliance, Digital Business Services, and Sustainability Management. Born in 1962, married, two 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.

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.

KLAUS WINKLER

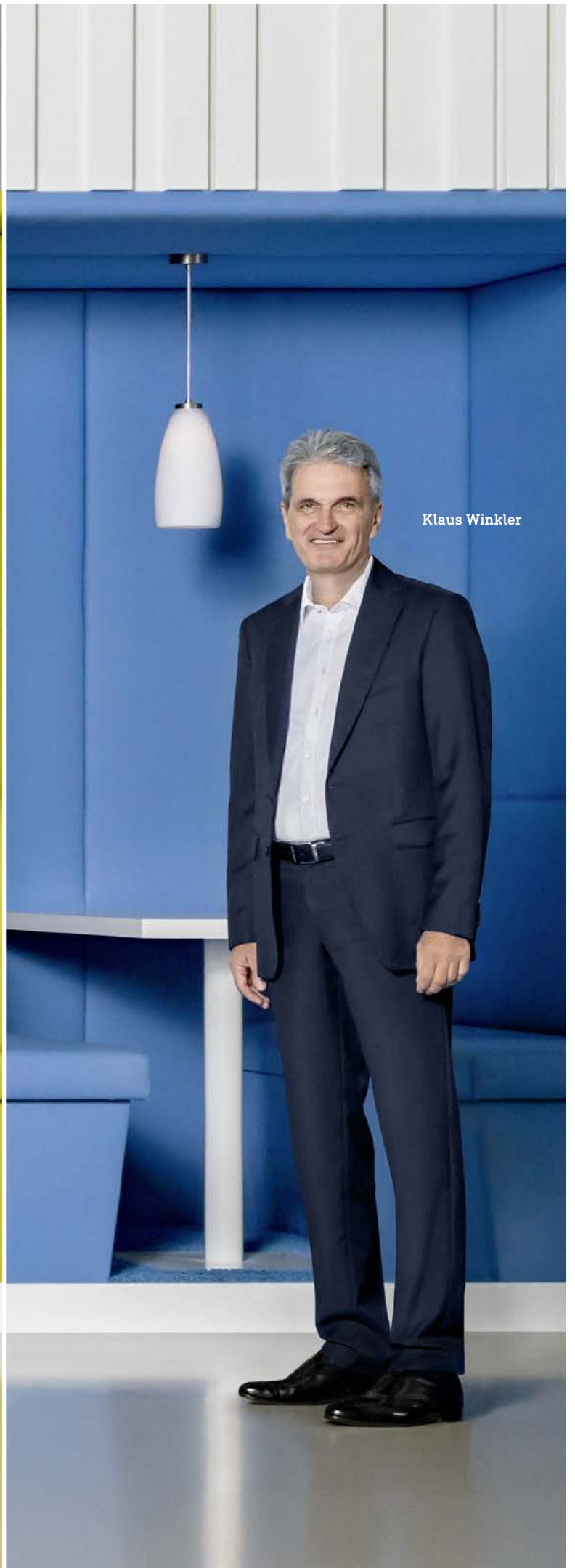
Chairman of the Supervisory Board.

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. From 2003 to 2020, he was Chairman of the management of Heller GmbH and from 2020 to 2021, he was Chairman of the Executive Board of Heller Management SE in Nürtingen. In January 2022, he took over of the Chairman of the Supervisory Board of Heller Management SE and Heller Holding SE & Co. KGaA in Nürtingen.





Michael Guschlbauer



Klaus Winkler

REPORT OF THE SUPERVISORY BOARD

DEAR SIR OR MADAM,

For Bechtle, 2021 again turned out to be a challenging year. Though the digital transformation and the economic recovery after the crisis year of 2020 resulted in high IT demand in all market segments, the developments were overshadowed by the continuation of the COVID-19 pandemic. At the same time, the challenges in the supply chain further intensified due to substantial supply problems in the IT industry. Until recently, delivery times of several months had been unheard of in the IT sector. Thus, availability became the foremost criterion. Bechtle AG was able to master these deteriorating framework conditions through intensive dialogue with customers and vendors, though especially the fourth quarter proved to be taxing. Our financial strength enabled us to increase our stock levels at an early stage in order to ensure availability for customers for as long as possible. Though the optimisation of the cash flow and of the working capital remained an important goal, ensuring the core business and the ability to supply was even more important. The fact that the company succeeded in keeping these indicators at a good level and closing 2021 with a disproportionate improvement in earnings despite these difficulties testifies to Bechtle's excellent management at all levels, in all companies and in all areas. All in all, 2021 was a demanding year. We have to be prepared for the fact that the general conditions on the procurement market will not normalise in 2022 and that we will have another challenging fiscal year ahead of us. Nevertheless, dear shareholders, employees, customers and other stakeholders, you can rest assured that Bechtle will continue on its success path undeterred under the guidance of an experienced management team and with more than 12,800 inspired and inspiring employees. Within the scope of its duties, the Supervisory Board will continue to help shaping the company's successful development in a responsible and highly conscious manner.

In 2021, the Supervisory Board again meticulously performed all its audit and controlling duties pursuant to law and 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 all transactions subject to approval. This included the company's response to the ongoing pandemic, operational arrangements made under consideration of the pandemic, the global supply problems and their impact on the generation of revenue, the expanded acquisition strategy, the further development of the Executive Board organisation, the group's business performance, the Sustainability Strategy 2030, 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 the global supply issues – 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.

Bechtle AG supports the members of the Supervisory Board in onboarding and training measures. In the reporting period, the company set up a platform on which documents for, and topical specialist papers related to, the activity of the Supervisory Board are made available to all members of the Supervisory Board. In the reporting period, some members of the Supervisory Board also took part in training measures in the fields of statutory framework conditions, corporate governance, risk and compliance and digitisation.

MEETINGS AND CENTRAL ISSUES

In the reporting period, the Supervisory Board held four ordinary plenary sessions: on 3 February, 17 March (balance sheet meeting for the annual and consolidated financial statements for 2020), 30 July and 29 October 2021. Meeting attendance was as follows:

	03.02	17.03	30.07	29.10	Meeting attendance
Shareholder representatives					
Kurt Dobitsch	●	●	●	●	100%
Dr. Lars Grünert	●	●	●	●	100%
Prof. Dr. Thomas Hess	●	●	●	●	100%
Elke Reichart	●	●	●	●	100%
Sandra Stegmann	●	●	●	●	100%
Klaus Winkler	●	●	●	●	100%
Employee representatives					
Uli Drautz	●	●	●	●	100%
Daniela Eberle	●	●	●	●	100%
Anastasia Polidoros	●	●	●		75%
Anton Samija	●	●	●	●	100%
Volker Strohfeld	●	●	●	●	100%
Michael Unser	●	●	●		75%

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 2021, 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 2021.

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

- The course of the COVID-19 pandemic and its effects on the business of Bechtle AG
- The global problems in the supply chain and the consequences of this for the business of Bechtle AG
- The economic development of the group, especially in the face of the challenging framework conditions
- The compensation system of the Executive Board and the compensation of the Executive Board against the background of the new statutory provisions and the recommendations of the German Corporate Governance Code
- The early renewal of the contract with the Chairman of the Executive Board of Bechtle AG
- The further development of the Executive Board organisation
- The succession planning for the Executive Board of Bechtle AG
- The two acquisitions performed in the reporting period

- The group's short-term strategy against the backdrop of the pandemic and the supply problems, its medium to long-term strategy especially with a view to the Clouds business and managed services business, new business opportunities and the expansion of the M&A strategy as well as the targets achieved in the course of the strategy roll-out
- The Sustainability Strategy 2030, which was presented in the reporting period, and the non-financial group declaration
- The internal audit and risk management system

STAFFING OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

In 2021, 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 2 February, 16 March, 29 July and 28 October 2021. Additionally, it held telephone conferences prior to the interim reports of Bechtle AG on 10 May, 11 August and 10 November 2021. Meeting attendance was as follows:

	02.02	16.03	10.05	29.07	11.08	28.10	10.11	Meeting attendance
Kurt Dobitsch	●	●	●	●	●	●	●	100%
Sandra Stegmann	●	●	●	●	●	●	●	100%
Klaus Winkler	●	●	●	●	●	●	●	100%
Uli Drautz	●	●	●	●	●	●	●	100%
Daniela Eberle	●	●	●	●	●	●	●	100%

In 2021, the audit committee dealt intensively with 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 under the difficult framework conditions, the upward correction of the earnings forecast in August, the development of the cash flow and of the working capital against the backdrop of the supply issues, the performance of the capital increase from corporate funds by issuing free shares in accordance with the resolution of the Annual General Meeting, the preliminary audits of the annual and consolidated financial statements, the non-financial group declaration, 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, the corporate governance and the selection of the auditor for the annual and consolidated financial statements for 2022 and subsequent years.

The personnel committee came together six times: on 11 January, 21 January, 10 March, 11 October, 22 October and 25 November 2021. Meeting attendance was as follows:

	11.01	21.01	10.03	11.10	22.10	25.11	Meeting attendance
Prof. Dr. Thomas Hess	●	●	●	●	●	●	100%
Klaus Winkler	●	●	●	●	●	●	100%
Uli Drautz	●	●	●	●	●	●	100%

The meetings of the personnel committee focused mainly on the revision of the compensation system and compensation report of the Executive Board, the recommendations of the German Corporate Governance Code, the renewal of the contract of the Chairman of the Executive Board, restaffing of some Executive Vice President positions, 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 2021.

The Supervisory Board regularly and meticulously conducts a self-assessment of 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 self-assessments revealed that the workflows and processes in the Supervisory Board are efficient and target-oriented.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

Especially at the beginning of the reporting period, we intensively reviewed the rules of the German Corporate Governance Code (DCGK). 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 and again in January 2022. Deviations from the recommendations of the Government Commission are explained in detail in the Declaration of Conformity. Additionally, we updated the Declaration of Conformity in March 2022. 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. Bechtle's Corporate Governance Statement is the central document concerning the corporate governance. In the fiscal year ended, no conflicts of interest of Executive Board or Supervisory Board members arose that, according to the code, would have had to be disclosed to the plenum without delay and about which the Annual General Meeting would have had to be informed.



See Declaration of Conformity,
[bechtle.com/investors/
 corporate-governance](https://www.bechtle.com/investors/corporate-governance)

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2021

The Annual General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and consolidated financial statements for the 2021 fiscal year. Following the commissioning 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 2021 fiscal year, including the accounts and the risk management and early detection system, and awarded unqualified auditor's opinions. The audit also included the implemented monitoring system for early identification of risks and the internal audit and risk management system with respect to the accounting process. The auditor has 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 (including the opinion on the compensation report) 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 also participated in the balance sheet meeting on 16 March 2022. 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 16 March 2022, 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 €0.55 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 to be appropriate.

The Executive Board and the Supervisory Board have prepared the compensation report in accordance with Section 162 of the German Stock Corporation Act (AktG). The auditor has audited the compensation report pursuant to Section 162 (3) sentence 2 of the German Stock Corporation Act (AktG) as to whether it contains the disclosures pursuant to Section 162 (1) and (2) of the German Stock Corporation Act (AktG).

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 2021 sustainability report of Bechtle AG as a separate non-financial group report, at the balance sheet meeting on 16 March 2022. 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.

A great measure of uncertainty persists as of the start of 2022. Apart from geopolitical trouble spots, we continue to struggle with the global supply problems. Unfortunately, there are no reliable forecasts as to how long this situation will continue or when things will get better. However, the demand for IT, for products and services, and for a reliable and (financially) strong partner remains high. Accordingly, there are many opportunities for Bechtle, opportunities that we can only identify and make use of together. Therefore, the Supervisory Board would like to express its sincere gratitude to all employees of the Bechtle Group in all 14 countries, 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 monitoring capacity.

On behalf of the Supervisory Board



Klaus Winkler
Chair

Neckarsulm, 16 March 2022

COMPENSATION REPORT 2021

1. INTRODUCTION

The German Act Implementing the Second Shareholder Rights Directive (ARUG II) necessitates a number of changes with regard to the creation and content of the compensation report. The compensation report has been jointly prepared by the Executive Board and the Supervisory Board of Bechtle AG. In this context, special attention has been paid to clear, comprehensible and comprehensive reporting. Moreover, in accordance with Section 162 (3) of the German Stock Corporation Act (AktG), the auditor of the financial statements has formally audited the disclosures to be made pursuant to Section 162 (1) and (2) of the German Stock Corporation Act (AktG). The audit opinion is enclosed with the compensation report.

The content of the compensation report is in line with the regulatory requirements of the German Stock Corporation Act (AktG) and takes the recommendations and suggestions of the German Corporate Governance Code (DCGK) in the version of 16 December 2019 into consideration. On the one hand, the compensation report provides information on the application of the compensation system in the fiscal year. On the other hand, it discloses and explains the amount of the Executive Board and Supervisory Board compensation as well as its structure and terms.

The compensation report – which has been prepared pursuant to Section 162 of the German Stock Corporation Act (AktG) for the first time for the 2021 fiscal year – will be submitted to the Annual General Meeting on 2 June 2022 for approval and can be accessed for ten years under [bechtle.com/investors/corporate-governance](https://www.bechtle.com/investors/corporate-governance) and from the time that the Annual General Meeting is convened until its end under [bechtle.com/hv2022](https://www.bechtle.com/hv2022). Information on how the resolution of the General Meeting will be taken into consideration will be presented in the compensation report of the subsequent fiscal year.

2. PRINCIPLES FOR THE DETERMINATION OF THE EXECUTIVE BOARD COMPENSATION ACCORDING TO THE COMPENSATION SYSTEM FOR THE EXECUTIVE BOARD

This section 2 describes the principles for the determination of the compensation of the Executive Board according to the compensation system for the Executive Board that was approved by the General Meeting of Bechtle AG on 15 June 2021.

2.1 Basics of the compensation system for the Executive Board

The main strategic objective of the company Bechtle AG is to effectively increase the enterprise's value through profitable growth. This objective is also a core element of the corporate strategy, the Vision 2030. The compensation system for the Executive Board promotes the implementation of this strategy by means of ambitious performance targets that are aligned with the corporate strategy.

The individual compensation components ensure the promotion of the key goals of the corporate strategy, especially continuous and sustainable revenue growth and simultaneously improved profitability.

At the same time, the Executive Board compensation is meant to duly remunerate the members of the Executive Board under consideration of the situation of the company and in accordance with their performance, their duties and their field of responsibility. The terms of the compensation system are arranged in accordance with the requirements of the German Stock Corporation Act (AktG). Moreover, the recommendations and suggestions of the German Corporate Governance Code (DCGK) are taken into consideration.

In particular, the terms of the compensation system have been arranged under consideration of the following guidelines:

GUIDELINES FOR THE DETERMINATION OF THE EXECUTIVE BOARD COMPENSATION

Strategy	The compensation system as a whole contributes to the promotion and implementation of the corporate strategy Vision 2030 by setting ambitious long-term performance targets that are in accordance with the desired company performance.
Sustainability	The sustainable long-term development of Bechtle is promoted by means of a long-term variable compensation component and the implementation of sustainability criteria (environmental, social, governance – ESG criteria) in the short-term variable compensation.
Pay for performance	The members of the Executive Board receive performance-oriented compensation in that adequate and ambitious targets are set in the context of the variable compensation that may range from zero to a defined cap depending on the target achievement. Partial or full reduction of the variable compensation is also possible (penalty/clawback).
Appropriateness	The Supervisory Board makes sure that the compensation of the Executive Board members is proportional to the duties and performance of the respective Executive Board member and the situation of the company. To assess the appropriateness of the compensation amounts, a market comparison is conducted with similar companies (horizontal comparison), and internal compensation relations are checked (vertical comparison).
Compliance	The compensation system for the Executive Board is implemented according to the latest regulatory requirements for the Executive Board compensation.

2.2 Appropriateness of the Executive Board compensation

The Supervisory Board determines the amount of the total target compensation for each member of the Executive Board. It is made sure that the compensation is appropriate under consideration of the performance and duties of the respective Executive Board member and the situation of the company, and that the normal compensation is not exceeded without any special reasons. Furthermore, the compensation should aim at the sustainable development of the company on a long-term basis.

The Supervisory Board regularly reviews the appropriateness and commonality of the Executive Board compensation.

For this, the compensation amounts are subjected to a market comparison with those of similar companies (horizontal comparison). The Supervisory Board carefully selects the reference group in order to avoid an automatic upward trend. In the last appropriateness and commonality review conducted, especially MDAX companies were used as a reference group. Additionally, the 30 companies that were included in the DAX at the time were analysed.

What is more, the compensation of the members of the Executive Board is gauged in relation to that of the management levels under the Executive Board as well as to that of other executives and employees (vertical comparison). In this context, the Supervisory Board also takes the chronological development of the compensation relation into consideration.

The last review of the appropriateness and commonality of the Executive Board compensation took place in November 2020. To assess the appropriateness and commonality of the compensation, the Supervisory Board engaged an independent external compensation consultancy.

2.3 Overview of the compensation components

The compensation system for the Executive Board of Bechtle AG as described below was submitted to the Annual General Meeting on 15 June 2021 for approval and was approved with 89.13 per cent of the votes. It can be accessed under the following link: [bechtle.com/investors/corporate-governance](https://www.bechtle.com/investors/corporate-governance). The compensation system applies to all compensation decisions of the Supervisory Board (including but not limited to the conclusion of new employment contracts of the Executive Board, the renewal of such contracts as well as the amendment of existing or future employment contracts) that were or will be made after 17 March 2021. In the course of the revision of the former compensation system in the 2021 fiscal year, the basic methodology of the short-term and long-term variable compensation was not changed compared to the former compensation system. Thus, the variable compensation described below was already applied in the 2021 fiscal year. In the 2021 fiscal year (before 17 March 2021), the Chair of the Executive Board was for the last time granted long-term variable compensation with a three-year performance period that was different from the new compensation system. Starting from the 2022 fiscal year, the compensation system described below applies to the entire Executive Board of Bechtle AG.

The compensation of the Executive Board comprises fixed and variable compensation components whose sum represents the total compensation of a member of the Executive Board. There is no share-based compensation (granting of shares or share options or commitment to grant such).

The fixed compensation components comprise an annual salary ("basic compensation") and fringe benefits. A company pension is not promised.

The variable compensation components comprise short-term variable compensation (annual profit-sharing bonus) and long-term variable compensation that is granted every year in the form of a performance cash plan with a performance period of four years.

The compensation components except for the fringe benefits are paid out in cash.

The following overview presents the main aspects of the compensation components and shows how they promote the long-term development of the company and the corporate strategy.

FIXED COMPENSATION COMPONENTS

Element	Details	Strategy relation
Basic compensation	■ Fixed contractually agreed compensation that is paid in twelve equal instalments	■ Gain and bond qualified Executive Board members and protect competitiveness of the compensation
Fringe benefits	■ Company car for business and private use	

VARIABLE COMPENSATION COMPONENTS

Short-term variable compensation component

	Details	Strategy relation
Plan type	■ Annual profit-sharing bonus	■ Incentivise continuous profitable growth in the operating business and sustainable management
Cap	■ 130% of the target amount	
Performance criteria	For the Chair of the EB and ordinary EB members without any sub-area responsibility: ■ 100% consolidated EBT For ordinary EB members with sub-area responsibility: ■ 50% consolidated EBT ■ 50% sub-area EBT Criteria-based modifier (0.9–1.2): ■ Assess the individual and collective performance of the Executive Board and the achievement of ESG criteria	■ Reward success in the sub-area and the contribution to the consolidated earnings
Payment	■ In cash after the end of the respective fiscal year	

Long-term variable compensation component

	Details	Strategy relation
Plan type	■ Performance cash plan	■ Set incentive to achieve expansion goals through profitable growth in accordance with the corporate strategy
Cap	■ 130% of the target amount	
Performance criteria	■ 50% consolidated EBT ■ 50% group revenue	■ Assure sustainable long-term performance through four-year performance period
Performance period	■ Four years	
Payment	■ In cash after the end of the four-year performance period	

FURTHER CONTRACTUAL COMPONENTS

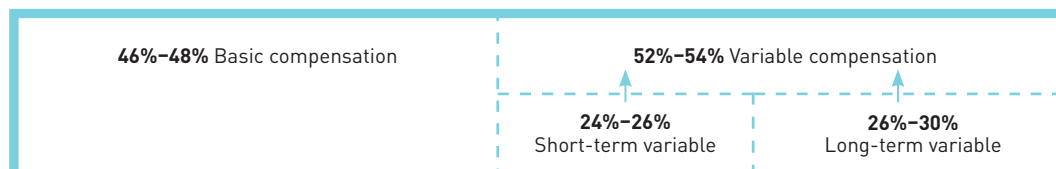
Element	Details	Strategy relation
Penalty/clawback	■ Partial or full reduction or reclaim of the variable compensation possible	■ Strengthening of the role of the SB

2.4 Structure of the Executive Board compensation

When determining the Executive Board compensation, the Supervisory Board makes sure that it is aligned with the sustainable long-term development of the company. Among other things, this is achieved in that the share of the long-term variable compensation exceeds the share of the short-term variable compensation. By determining the targets to be achieved, both the short-term variable compensation and the long-term variable compensation basically aim at boosting the profitability and thus at the successful implementation of operational and strategic corporate objectives.

The basic structure of the total target compensation can be presented as follows:

TOTAL TARGET COMPENSATION



To ensure the sustainable development of the company, the share of the long-term variable compensation always exceeds the share of the short-term variable compensation.

2.5 Determination of the Executive Board compensation (target compensation)

In the 2021 fiscal year, the Supervisory Board determined the following total target compensation for the members of the Executive Board. The figures for the short-term variable compensation and the long-term variable compensation represent the compensation in the event of 100 per cent target achievement. The figures for the fringe benefits represent the fringe benefits granted in the respective fiscal year.

TARGET COMPENSATION

€ k

	Dr. Thomas Olemotz Chairman of the EB (since 01.03.2007)		Michael Guschlbauer EB member IT System House & Managed Services (since 01.01.2009)		Jürgen Schäfer EB member IT E-Commerce (since 01.01.2009)	
	2021	2020	2021	2020	2021	2020
Basic compensation	2,000.0	2,000.0	825.0	825.0	600.0	600.0
Fringe benefits		21.0	39.0	39.0	6.0	9.0
Total fixed compensation	2,021.0	2,021.0	864.0	864.0	606.0	609.0
Short-term variable compensation						
Profit-sharing bonus 2021	740.0		425.0		325.0	
Profit-sharing bonus 2020		740.0		425.0		325.0
Long-term variable compensation						
Commitment 2021 (tranche 2021 to 2024)	760.0		500.0		375.0	
Commitment 2020 I (tranche 2020 to 2022)		760.0		250.0		187.5
Commitment 2020 II (tranche 2020 to 2023)				250.0		187.5
Total variable compensation	1,500.0	1,500.0	925.0	925.0	700.0	700.0
Total target compensation	3,521.0	3,521.0	1,789.0	1,789.0	1,306.0	1,309.0

3. APPLICATION OF THE COMPENSATION SYSTEM IN THE 2021 FISCAL YEAR

3.1 Fixed compensation components

3.1.1 Basic compensation

The basic compensation is a fixed compensation for the entire year that is aligned with the duties of the respective member of the Executive Board and is paid out in twelve monthly instalments.

3.1.2 Fringe benefits

Until the end of their service on the Executive Board, the members of the Executive Board are assigned a company car for business and private use that is appropriate for their position. No additional fringe benefits were granted in the 2021 fiscal year.

Moreover, the members of the Executive Board are covered by D&O insurance that is adequate for their position.

3.2 Short-term variable compensation components

3.2.1 Overview of the annual profit-sharing bonus

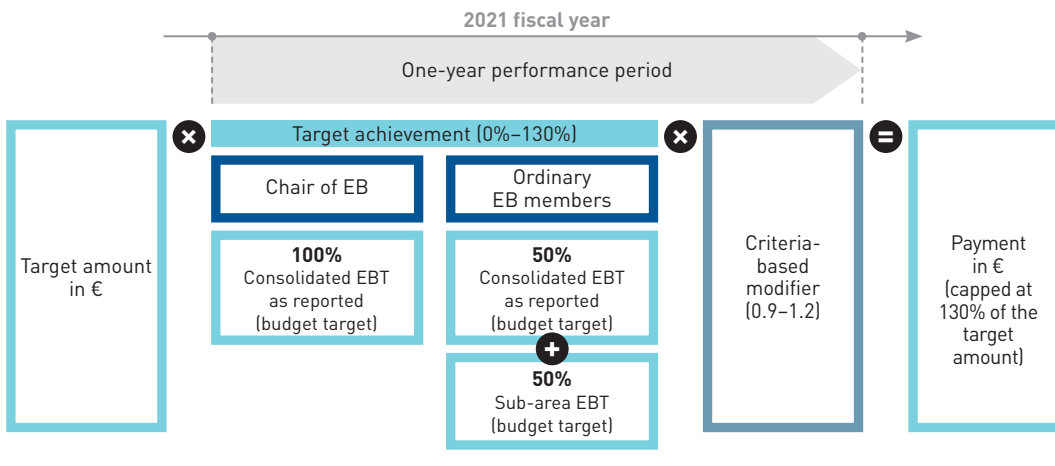
To incentivise the operational implementation of the corporate strategy, the members of the Executive Board receive short-term variable compensation in the form of an annual profit-sharing bonus. The performance period corresponds to the respective fiscal year.

To measure the performance, one financial performance criterion has been determined for the Chair of the Executive Board, and two financial performance criteria have been determined for ordinary members of the Executive Board. The financial performance criteria used for the ordinary members of the Executive Board each have a weighting of 50 per cent, and they are additively linked to each other. Apart from the achievement of the financial performance criteria, the final amount of the annual profit-sharing bonus that is paid out also depends on the achievement of non-financial performance criteria.

The individual target amount determined in the respective employment contracts forms the basis for a possible payment of the annual profit-sharing bonus. The payment amount is calculated by multiplying the target amount with the determined target achievement of the financial performance criteria, which may range from 0 to 130 per cent, and the individually determined criteria-based modifier. The amount of the payment of the annual profit-sharing bonus is capped at 130 per cent of the target amount.

The following figure shows how the short-term variable compensation is organised:

ANNUAL PROFIT-SHARING BONUS



3.2.2 Financial performance criteria

Within the scope of the yearly bonus, the financial performance criterion “earnings before taxes at group level” (“consolidated EBT”) is determined both for the Chair of the Executive Board and the ordinary members of the Executive Board. The consolidated EBT is one of Bechtle’s key financial performance indicators. The corporate strategy focuses on profitable short, medium and long-term growth. The EBT is an important indicator of the profitable growth of the group as a whole in the respective fiscal year. Via the EBT margin, it is also rooted as a central, quantitative growth target in Bechtle’s Vision 2030.

For the ordinary members of the Executive Board with sub-area responsibility, the performance criterion “sub-area EBT” is used in addition to the performance criterion “consolidated EBT”. At Bechtle, each ordinary member of the Executive Board is responsible for a sub-area of the company, which may consist, for example of one company segment or regionally allocated group companies. Therefore, their performance is also measured on the basis of the EBT of the sub-area they are responsible for. The performance criteria “consolidated EBT” and “sub-area EBT” further strengthen the link between individual performance and compensation, which the compensation system aims at, while at the same time, taking the collective responsibility of all Executive Board members for the consolidated earnings into account.

At the beginning of every fiscal year, a target to be reached is determined both for the consolidated EBT and for the sub-area EBT. The targets or other reference parameters are not changed retroactively. The target for the sub-area EBT corresponds to the sum of the planned EBT figures of the individual companies allocated to the responsible sub-area for which the ordinary Executive Board member is responsible. Moreover, bottom and top thresholds are defined for the consolidated EBT and the sub-area EBT.

To ascertain whether the targets have been reached, the consolidated EBT actually generated in the fiscal year according to the consolidated financial statements that have been audited and approved by the Supervisory Board or the sub-area EBT that is presented in the Supervisory Board reporting for the month of December are compared with the defined targets.

3.2.3 Criteria-based modifier

Apart from the financial performance criteria, criteria-based consideration of the individual and collective performance of the Executive Board members and of sustainability criteria (ESG criteria) is achieved by means of a criteria-based modifier. The Supervisory Board evaluates the individual or non-financial performance via this criteria-based modifier, whose bandwidth ranges from 0.9 to 1.2. For this purpose, the Supervisory Board determines the criteria of the modifier at the beginning of the fiscal year. In the 2021 fiscal year, the collective performance of the Executive Board was measured on the basis of criteria such as the management of the COVID-19 crisis. Other criteria included the personal performance of the Executive Board member as well as sustainability aspects (e.g. from the fields of customer satisfaction, employee concerns, corporate culture and CSR activities). At the beginning of the 2021 fiscal year, the Supervisory Board also determined suitable evaluation parameters with specific modifier values for the individual criteria.

3.2.4 Target achievement

For the annual profit-sharing bonus for the 2021 fiscal year, the figures for the target achievement and the amount to be paid to the members of the Executive Board are as follows:

ANNUAL PROFIT-SHARING BONUS 2021				€k
	Target amount	Total target achievement	Payment amount	
Total target achievement				
Dr. Thomas Olemotz	740.0	130%	962.0	
Michael Guschlbauer	425.0	130%	552.5	
Jürgen Schäfer	325.0	130%	422.5	

3.3 Long-term variable compensation components

3.3.1 Overview of the performance cash plan 2021

To incentivise the long-term implementation of the corporate strategy, the members of the Executive Board receive long-term variable compensation in addition to the short-term compensation component. The long-term variable compensation is arranged in the form of a performance cash plan with a performance period of four years and is granted on a yearly basis. In the 2021 fiscal year (before 17 March 2021), Dr. Thomas Olemotz, Chairman of the Executive Board, was for the last time granted long-term variable compensation with a three-year performance period.

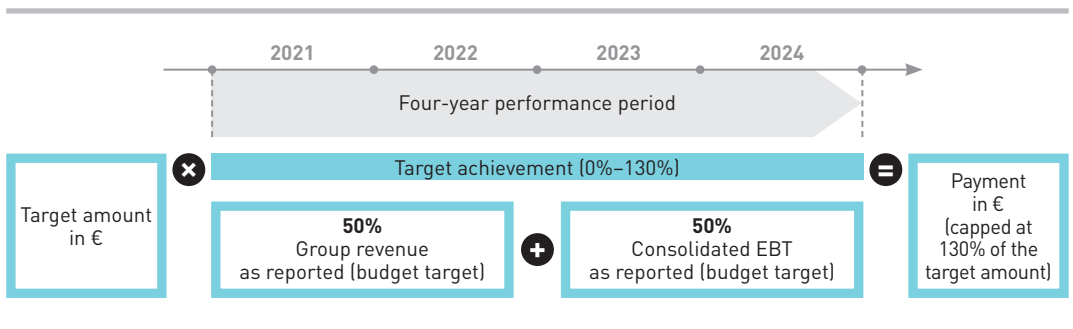
As a matter of principle, the performance of the Executive Board members is measured on the basis of two financial performance criteria: the group revenue and the consolidated EBT. These figures each have a weighting of 50 per cent and are additively linked to each other.

However, with regard to the financial performance criterion “group revenue”, which is to be used in the compensation system for the members of the Executive Board, a special development occurred at the beginning of 2022: As of 31 December 2021, Bechtle AG changed its accounting method in the consolidated financial statements for the sale of standard software licences. According to the new method, a substantial portion of the revenue from this business is no longer presented in its entirety but only in the amount of the gross margin achieved. This affects neither the generated business volume nor the earnings (consolidated EBT) of the Bechtle Group. However, the presented earnings margin increases noticeably. This is because in the meantime, the IFRS Interpretations Committee (IFRS IC) has outlined how the respective regulations of the International Financial Reporting Standards (IFRS) are to be applied. Against this backdrop, Bechtle AG has performed a re-evaluation with regard to how the sale of standard software licences is accounted for. Where Bechtle, according to the re-evaluation of the application of IFRS 15, qualifies as an “agent” and no longer as the “principal” with respect to the sale of standard software licences, Bechtle no longer recognises the entire revenue from standard software licences, but only the amount of the gross margin achieved. Accordingly, the revenue presented for the 2021 fiscal year has changed by €940.3 million compared to the former accounting method.

In view of the changed accounting method, the tranches of the long-term variable compensations require an adjustment with regard to the financial performance criterion “group revenue”. After extensive deliberations, the Supervisory Board has come to the unanimous conclusion that the group revenue as calculated according to the former accounting method (classification of Bechtle as “principal”) shall continue to be used (only) for the calculation of the long-term variable compensation. Henceforth, this indicator will be referred to as “group business volume”. The compensation system for the Executive Board will be changed accordingly and, by way of precaution, submitted to the General Meeting for approval. The employment contracts of the Executive Board are to be amended as well.

The individual target amount determined in the respective employment contracts forms the basis for a possible payment under the performance cash plan. The payment amount is calculated by multiplying the target amount with the determined target achievement of the financial performance criteria, which may range from 0 to 130 per cent. The amount of the payment under the performance cash plan is capped at 130 per cent of the target amount.

PERFORMANCE CASH PLAN



After the amendment of the employment contracts of the Executive Board, which is necessary due to the changed accounting method, the financial performance criterion “group revenue” is replaced with “group business volume”, which is to be determined as described above.

3.3.2 Financial performance criteria 2021

Bechtle pursues a strategy of sustainable, profitable growth. For this, the company has defined ambitious quantitative targets within the framework of Vision 2030. The implementation of the corporate strategy is incentivised by using the two financial performance criteria “group revenue” and “consolidated EBT” within the scope of the performance cash plan, which has a long-term horizon.

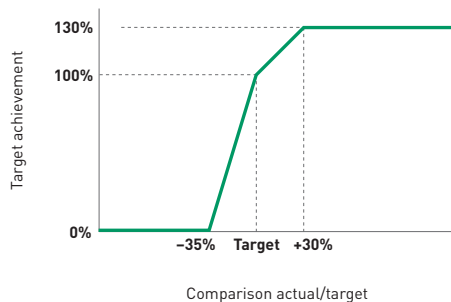
At the beginning of every performance period, targets to be reached during the four-year performance period are determined both for the group revenue and for the consolidated EBT. The targets or other reference parameters are not changed retroactively. Moreover, bottom and top thresholds are determined. To ascertain the target achievement, the group revenue and the consolidated EBT generated during the performance period (“actual figures”) are first determined by adding up the calculated group revenue and consolidated EBT of every fiscal year during the particular performance period. The determination takes place according to the figures presented in the respective audited and approved consolidated financial statements. Subsequently, these actual figures are compared with the respective targets.

In case the target achievement for the consolidated EBT is not at least 100 per cent, the target achievement for the group revenue is limited to 100 per cent. This additional condition emphasises the strategic focus on sustainable profitable growth and further strengthens the intended performance orientation (“pay for performance”) of the variable compensation.

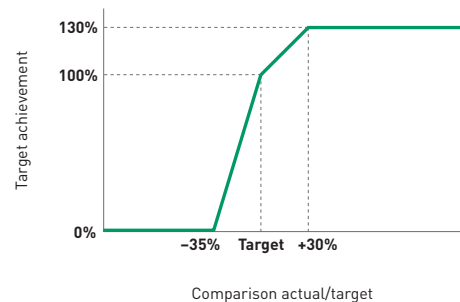
The target achievement curves for the financial performance criteria are as follows for the Chair of the Executive Board and the ordinary members of the Executive Board:

CHAIRPERSON OF THE EXECUTIVE BOARD

Group revenue

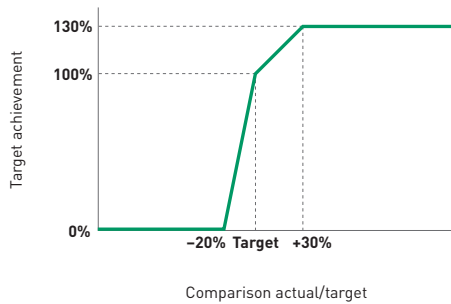


Consolidated EBT

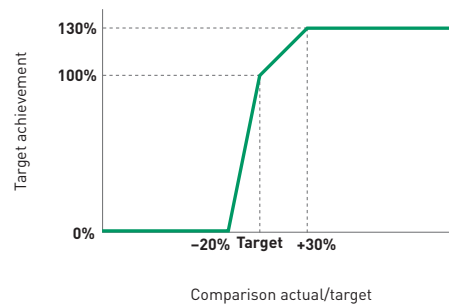


ORDINARY EXECUTIVE BOARD MEMBERS

Group revenue



Consolidated EBT



Following the amendment of the employment contracts of the Executive Board, which is necessary due to the changed accounting method, the financial performance criterion “group revenue” will be replaced with the “group business volume”, which is to be determined as described above, for this section 3.3.2 too.

3.3.3 Target achievement of the long-term variable compensation 2019

At the end of the 2021 fiscal year, the Executive Board members received the long-term variable compensation that had been assigned at the beginning of the 2019 fiscal year. This too was a performance cash plan with a three-year assessment period that was assigned on a rolling basis from year to year. The long-term variable compensation 2019 is aligned with the group’s organic growth (organic growth tranche).

The target achievement of the organic growth tranche depends on the performance criteria “revenue” (weighting: 30 per cent), “EBT” (weighting: 50 per cent) and “return on equity” (weighting: 20 per cent) of the group. At the beginning of the 2019 fiscal year, the Supervisory Board set ambitious targets for these criteria. Achievement of these targets within the assessment period results in an entitlement to payment of 100 per cent of the tranche portion determined for the respective criteria. Overachievement is not possible. In the event of underachievement of one or several targets, the respective tranche portion will not apply. Balancing between the individual targets with respect to the overall target achievement of the tranche in the event of underachievement of one target and overachievement of another is not possible.

Following the amendment of the employment contracts of the Executive Board, which is necessary due to the changed accounting method, the financial performance criterion “group revenue” will be replaced with the “group business volume”, which is to be determined as described above, for this section 3.3.3 too.

As the targets were reached within the assessment period, the total target achievement and the resulting amounts payable for the long-term variable compensation 2019 as of the end of the 2021 fiscal year are as follows:

LONG-TERM VARIABLE COMPENSATION

€k

	Target amount	Total target achievement	Payment amount
Total target achievement			
Dr. Thomas Olemotz	760.0	100%	760.0
Michael Guschlbauer	380.0	100%	380.0
Jürgen Schäfer	255.0	100%	255.0

3.4 Penalty/clawback

Since 2020, the employment contracts of the ordinary members of the Executive Board have contained penalty and clawback provisions that apply to the short-term variable compensation and long-term variable compensation. For the Chair of the Executive Board, these are implemented from the 2022 fiscal year.

If the member of the Executive Board intentionally violates a material diligence obligation pursuant to Section 93 of the German Stock Corporation Act (AktG) or a material obligation specified in the employment contract, the Supervisory Board may, at its own equitable discretion, reduce the variable compensation not yet paid for the fiscal year in which the violation took place in part or entirely to zero ("penalty").

Under the said conditions, the Supervisory Board may also, at its own equitable discretion, claim back the gross amount of variable compensation that has already been paid for the fiscal year in which the violation took place in full or in part ("clawback").

Moreover, an Executive Board member shall pay back any variable compensation already paid out if and insofar as it turns out after the payment that the audited and approved consolidated financial statements underlying the calculation of the payment amount were faulty and must thus be corrected pursuant to the relevant accounting regulations and, based on the corrected audited consolidated financial statements and the relevant compensation system, a lower payment amount or none at all would have been owed from the variable compensation.

In the 2021 fiscal year, there were no reasons to apply the penalty or clawback provisions.

3.5 Maximum compensation

Pursuant to Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has determined a cap on the sum of the compensation components basic compensation, fringe benefits, short-term variable compensation and long-term variable compensation. This cap amounts to €8,000,000 for the Chair of the Executive Board and €4,000,000 for the ordinary members of the Executive Board.

The cap refers to the total of all payments (including fringe benefits) resulting from the compensation provisions for a fiscal year. The Supervisory Board makes sure that the defined maximum compensation is complied with. For compensation for a fiscal year, the final compliance with the maximum

compensation depends on the ultimate inflow from the long-term variable compensation of the respective fiscal year. Though significant overachievement is excluded for the long-term variable compensation due to the limitation of the payment to 130 per cent of the target amount, the Supervisory Board reviews the final compliance with the maximum compensation after the end of the fiscal year and reduces the payment amount of the long-term variable compensation if necessary.

3.6 Benefits in the event of departure

In case the employment is terminated prematurely without any important reason, the amount of the severance that may be payable is capped. The severance may amount to a maximum of the compensation for two years (basic compensation, fringe benefits, short-term variable compensation and long-term variable compensation) and is also limited to the compensation for the residual term of the employment contract. The severance cap does not apply to the Chair of the Executive Board. Furthermore, the Chair of the Executive Board is entitled to compensation in case he makes use of his special right of termination in the event of a change of control. The compensation corresponds to the total compensation for the residual term of the contract.

If the employment contract is effectively terminated by the company for an important reason for which the Executive Board member is responsible (Section 626 (1) of the German Civil Code (BGB)), no severance will be paid.

A post-contractual non-compete clause in Germany, Austria, Switzerland, Belgium, the Netherlands, Luxembourg, France and the UK is regularly concluded for a term of one year with every ordinary member of the Executive Board (with the Chair of the Executive Board: in the countries in which the company or affiliated companies within the meaning of Section 15 of the German Stock Corporation Act (AktG) manufacture or sell goods or services as of the date of departure of the Chair of the Executive Board). For the term of the non-compete clause, the company is required to pay the member of the Executive Board monthly compensation that amounts to 1/12 of 75 per cent (for the Chair of the Executive Board: 100 per cent) of the average total compensation without fringe benefits (basic compensation, short-term variable compensation and long-term variable compensation) paid to the member of the Executive Board in the last three fiscal years prior to the termination of the employment contract. Any severance payments will be offset against the compensation paid during the period during which competition is prohibited (note: the employment contracts of the current ordinary members of the Executive Boards do not yet provide for offsetting).

Should an ordinary member of the Executive Board pass away during the term of the employment contract, his survivors shall be entitled to continued payment of the compensation (basic compensation, short-term variable compensation and long-term variable compensation) of the ordinary member of the Executive Board for the month of death and the subsequent six calendar months (for the subsequent twelve calendar months in the case of the Chair of the Executive Board).

In the case of the permanent invalidity or death of the member of the Executive Board, the annual profit-sharing bonus for the current year is paid out immediately. The payment amount corresponds to the target amount, which is reduced on a pro rata temporis basis. In this case, all current tranches

under the performance cash plan are paid out immediately. The payment amount corresponds to the accumulated target amounts of all tranches not yet finished as of the occurrence of the invalidity or death. For the tranche that started in the fiscal year in which the permanent invalidity or death took place, the target amount is reduced on a pro rata temporis basis.

In the 2021 fiscal year, no changes occurred in the Executive Board. Thus, no severance payments were made.

3.7 Third-party benefits

In the 2021 fiscal year, no third-party compensation was promised or granted to any member of the Executive Board for the board activity.

4. INFORMATION ON THE AMOUNT OF THE EXECUTIVE BOARD COMPENSATION IN THE 2021 FISCAL YEAR

4.1 Compensation of current members of the Executive Board

The following table shows the compensation granted and owed to members of the Executive Board in the 2021 and 2020 fiscal years pursuant to Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG). For the short-term and long-term variable compensation, the presentation comprises the components whose one-year or perennial performance period, and thus whose relevant performance, ends at the end of the fiscal year. Especially for the variable compensation, this enables transparent disclosure of the compensation in the 2021 fiscal year in terms of the “pay for performance” so that the link to the company’s performance in the same fiscal year is clear.

GRANTED AND OWED COMPENSATION

	Dr. Thomas Olemotz Chairman of the EB (since 01.03.2007)			Michael Guschlbauer EB member IT System House & Managed Services (since 01.01.2009)			Jürgen Schäfer EB member IT E-Commerce (since 01.01.2009)		
	2021		2020	2021		2020	2021		2020
	€k	in %	€k	€k	in %	€k	€k	in %	€k
Basic compensation	2,000.0	53	2,000.0	825.0	46	825.0	600.0	47	600.0
Fringe benefits	21.0	1	21.0	39.0	2	39.0	6.0	0	9.0
Total fixed compensation	2,021.0		2,021.0	864.0		864.0	606.0		609.0
Short-term variable compensation									
Profit-sharing bonus 2021	962.0	26		552.5	31		422.5	33	
Profit-sharing bonus 2020			903.0			531.0			398.0
Long-term variable compensation									
Commitment 2019 (tranche 2019 to 2021)	760.0	20		380.0	21		255.0	20	
Commitment 2018 (tranche 2018 to 2020)			608.0			304.0			204.0
Commitment 2018 to 2020 (acquisition tranche)			456.0			152.0			102.0
Total variable compensation	1,722.0		1,967.0	932.5		987.0	677.5		704.0
Total compensation	3,743.0	100	3,988.0	1,795.5	100	1,851.0	1,283.5	100	1,313.0

4.2 Compensation of former members of the Executive Board

In the 2021 fiscal year, former members of the Executive Board were not granted or owed any compensation such as outstanding payments from long-term variable compensation or pension payments.

5. SUPERVISORY BOARD COMPENSATION

5.1 Basics of the Supervisory Board compensation

The compensation of the members of the Supervisory Board was redefined effective from 1 January 2021 and approved by the General Meeting on 15 June 2021 with 99.95 per cent of the votes. The compensation of the Supervisory Board is also documented in chapter III, no. 11 of the Articles of Incorporation of Bechtle AG.

The compensation for the Supervisory Board is governed by the statutory regulations and takes the recommendations and suggestions of the German Corporate Governance Code (DCGK) into consideration. The Supervisory Board only receives fixed compensation and an attendance fee. There are no variable compensation components or share-based compensation. The reason why only fixed compensation is granted is to strengthen the independence of the Supervisory Board, enabling it to fulfil its advisory and monitoring function regardless of the business success.

The amount and terms of the Supervisory Board compensation are arranged under consideration of market practice and enable the company to continue to gain qualified candidates for the Supervisory Board. This is a precondition for the effective performance of the consulting and monitoring activity by the Supervisory Board, which in turn greatly contributes to the promotion of the business strategy and the long-term development of the company.

In addition to a refund of their cash expenses, the members of the Supervisory Board receive a fixed basic compensation plus any applicable VAT for every full fiscal year, payable after the end of the fiscal year:

BASIC COMPENSATION

Chair	Vice Chair	Member
€150,000	€75,000	€50,000

For every full fiscal year, the members of the audit committee and of the personnel committee are also entitled to compensation, which is payable after the end of the fiscal year. Apart from the attendance fee, no separate compensation is paid for serving as a member or chairperson of the committee formed pursuant to Section 27 (3) of the German Co-determination Act (MitbestG).

COMMITTEE COMPENSATION

Chair	Member	Attendance fee
€30,000	€15,000	€1,000

Additionally, the members of the Supervisory Board receive an attendance fee of €1,000 each time they personally attend a meeting of the Supervisory Board. The same applies to participation in committee meetings. Meeting attendance also includes participation in a meeting held only by telephone or videoconference as well as individual participation via telephone or video in a partly physical meeting. If several meetings take place on the same day, the attendance fee is paid only once. The attendance fee is payable after the respective meeting.

5.2 Information on the amount of the Supervisory Board compensation in the 2021 fiscal year

For the 2021 fiscal year, the members of the Supervisory Board were granted and owed the following compensation for the work done in the fiscal year pursuant to Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG):

SUPERVISORY BOARD COMPENSATION

€k

	Basic compensation		Committee compensation		Attendance fee		Total compensation	
	2021	2020	2021	2020	2021	2020	2021	2020
Shareholder representatives								
Klaus Winkler (Chair SB)	150	98	60	16	17	11	227	125
Kurt Dobitsch	50	30	15	8	11	7	76	45
Dr. Lars Grünert	50	30	–	–	4	5	54	35
Prof. Dr. Thomas Hess	50	30	15	8	10	8	75	46
Elke Reichart	50	30	–	–	4	5	54	35
Sandra Stegmann	50	30	15	8	11	8	76	46
Employee representatives								
Uli Drautz (Vice-Chair SB)	75	45	30	16	17	11	122	72
Daniela Eberle	50	30	15	8	11	8	76	46
Anastasia Polidoros	50	30	–	–	3	5	53	35
Anton Samija	50	30	–	–	4	5	54	35
Volker Strohfeld	50	30	–	–	4	5	54	35
Michael Unser	50	30	–	–	3	5	53	35
Total	725	443	150	64	99	83	974	590

6. COMPARISON OF THE COMPENSATION AND EARNINGS PERFORMANCE

The following presentation shows the yearly development of the compensation of the members of the Executive Board and Supervisory Board, the company's earnings situation and the average compensation of employees on the basis of full-time equivalents (FTE) for the last two fiscal years.

The company's earnings performance is indicated by the net profit of Bechtle AG and the consolidated EBT as key performance indicator.

For the average compensation of employees on the basis of full-time equivalents (FTE), the employees of all group companies of Bechtle in Germany are taken into consideration. The compensation is calculated by means of the personnel expenses in relation to the number of FTE.

The following table presents the figures in a way that enables a comparison:

COMPARISON			€k
	2021	2020	Change 2021/2020
Earnings performance			
Net profit of Bechtle AG (HGB) in €m	111	132	-15.9%
Consolidated EBT (IFRS) in €m	321	271	18.5%
Employee compensation			
Average compensation of the employees of the company	57	55	2.6%
Executive Board compensation			
Dr. Thomas Olemotz	3,743	3,988	-6.1%
Michael Guschlbauer	1,797	1,851	-2.9%
Jürgen Schäfer	1,284	1,313	-2.2%
Supervisory Board compensation			
Klaus Winkler (Chair SB)	227	125	81.6%
Uli Drautz (Vice-Chair SB)	122	72	69.4%
Kurt Dobitsch	76	45	68.9%
Daniela Eberle	76	46	65.2%
Dr. Lars Grünert	54	35	54.3%
Prof. Dr. Thomas Hess	75	46	63.0%
Anastasia Polidoros	53	35	51.4%
Elke Reichart	54	35	54.3%
Anton Samija	54	35	54.3%
Sandra Stegmann	76	46	65.2%
Volker Strohfeld	54	35	54.3%
Michael Unser	53	35	51.4%

7. OUTLOOK

In the future, Bechtle AG will continue to ensure that the members of the Executive Board are duly incentivised by means of an appropriate compensation system in line with market practice. Thus, the compensation system approved by the General Meeting on 15 June 2021 will continue to be applied to compensation decisions to be made in the 2022 fiscal year for the entire Executive Board. In this way, the entire Executive Board will be compensated on the basis of a uniform, transparent compensation system that is approved by the shareholders.

In connection with the above-mentioned change of the accounting method for the sale of standard software licences, the financial performance criterion of the long-term variable compensation will be changed from “group revenue” to “group business volume”. After extensive deliberations, the Supervisory Board has come to the unanimous conclusion that the group revenue as calculated according to the former accounting method (classification of Bechtle as “principal”) shall continue to be used (only) for the calculation of the long-term variable compensation. Henceforth, this indicator will be referred to as “group business volume”. The compensation system for the Executive Board will be changed accordingly and, by way of precaution, submitted to the General Meeting for approval. The employment contracts of the Executive Board are to be amended as well.

Neckarsulm, 16 March 2022



Dr. Thomas Olemotz
(Chairman of the Executive Board)



Klaus Winkler
(Chairman of the Supervisory Board)



Michael Guschlbauer
(Member of the Executive Board)



Jürgen Schäfer
(Member of the Executive Board)

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SEC. 162 (3) AKTG

To Bechtle AG

Audit opinion. We have conducted a formal audit of the remuneration report of Bechtle AG, Neckarsulm, for the fiscal year from 1 January 2021 to 31 December 2021 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG [“Aktengesetz”: German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the opinion. We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870). Our responsibilities under this provision and standard are further described in the “Responsibilities of the auditor” section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferordnung”: German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

Responsibilities of the management board and supervisory board. The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor. Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Consideration of misrepresentations. In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

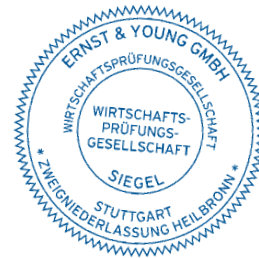
If, based on the work we have performed, we conclude that there is a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Heilbronn, 16 March 2022

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft

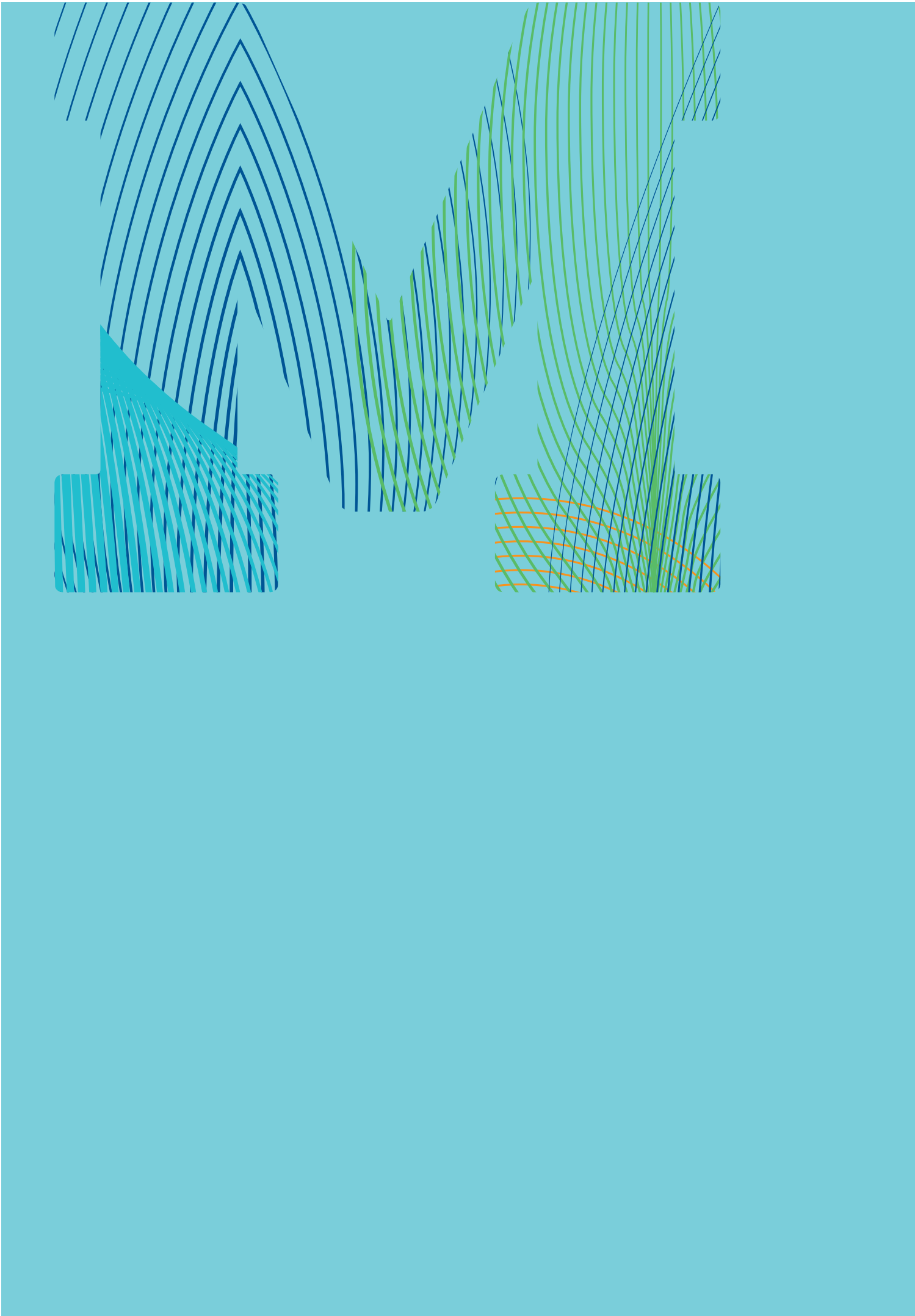
Heller
Wirtschaftsprüfer
[German Public Auditor]

Ilg
Wirtschaftsprüfer
[German Public Auditor]





GROUP MANAGEMENT REPORT



GROUP MANAGEMENT REPORT



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COMPANY

BUSINESS ACTIVITY

The digitisation trend is on the march and is making even medium-sized companies increasingly reconsider their historically grown IT infrastructures. Information technologies determine the success of all companies – at the same time, the topic is gaining in complexity. Therefore, companies depend on an IT partner. As a vendor-independent one-stop provider with a comprehensive IT portfolio, Bechtle boasts an excellent positioning in this field. We cover a wide range of products and services and offer each customer the most suitable solution.

BUSINESS MODEL



Sustainability

One-stop shop. With more than 80 system houses in Germany, Austria and Switzerland and 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 via the Internet and by telephone. In total, our portfolio comprises about 40,000 products.

BUSINESS SEGMENTS

Bundled power. In Germany, Austria and Switzerland, Bechtle is represented by both segments. In these countries, we jointly address the market in order to increase the customer penetration and thus the market share. The leveraging of synergies that takes place here is to be replicated in other countries, too. Thus, our expanded M&A strategy envisages expanding our services and system house activities to other European countries.

The website bechtle.com features a cross-segmental digital marketplace that showcases the entire bandwidth of our 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 the 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 to support our sales, but also to sell products and services directly. Moreover, we intend to position 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 networked 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 in order to be able to offer customers the most suitable solutions in the best possible manner.



Synergy effects

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 undergoing a major change. Apart from the conventional business fields, the demand for consumption and cloud-based procurement models is on the rise. More and more customers are making use of the option to procure IT infrastructure, platforms, software and applications in the form of subscription-based services. This approach is becoming the standard at least in some areas. Accordingly, we are in the course of expanding our range of as-a-service offerings, 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.



Partner for digitisation



Personal contact
on site

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 more than 80 regional system houses offer. The decentralised structure of Bechtle is a key criterion that makes proximity possible. The direct contact to one of our sales representatives, 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 measures, we make sure that our sales representatives are always in a position to offer customers the full bandwidth of our portfolio.

For the performance of the services, some 6,000 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.

Sustainability aspects are increasingly important for our customers. In this area, Bechtle boasts an excellent position.

Michael Gregor,
Head of Service and Logistics
Center, System House
Hamburg

Anne Ehmer, Bid-Manager,
System House Hamburg

Kimon Christidis, Account
Manager Public Sector,
System House Hamburg

From left to right



IT E-COMMERCE

Perfection in commerce. In the IT E-Commerce segment, the Bechtle Group offers its customers a broad portfolio of IT products – from hardware to standard software to peripheral items – and thus covers all common IT areas. 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. Furthermore, Bechtle is active with Inmac WStore and Bechtle Comsoft in France and with the ARP and Buyitdirect brands in the Netherlands. The own 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, 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. Especially customers with complex requirements benefit from the personal contact with partners who are 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. As a result of the supply bottlenecks, the processes described did not work as usual in the reporting period. Compared to many of our competitors, we benefit from relatively high availabilities thanks to our outstanding relationships with vendors and distributors and our early move to increase stock levels. In some cases, however, delivery times can currently amount to several weeks or even months.



Lean processes,
fulfilment principle

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.



Bechtle Remarketing

The product life cycles are getting shorter and shorter, due especially to innovations and further developments. A few years ago, we founded Bechtle Remarketing GmbH, a business unit dedicated to topics related to the end of a product life cycle, in order to address this issue. In this context, information security, data protection and the responsible use of resources are key aspects. For this reason, our specialists take care of the secure deletion of company data and of the resale or due disposal of legacy equipment. By selling used IT hardware, Bechtle Remarketing was able to recycle 45,230 devices in the reporting period.

MARKETS

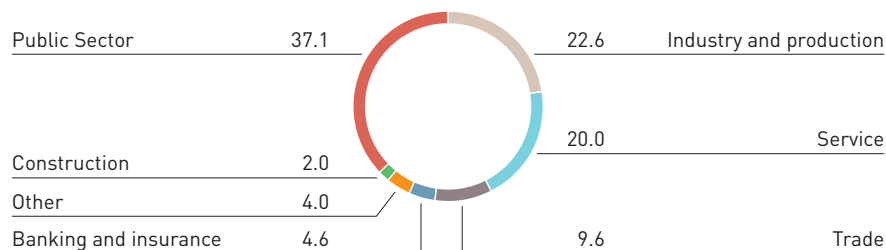


Broad customer base

Customers from all sectors. Bechtle is proud to be able to offer every customer an individual, optimum solution for their specific IT needs. We have a lot of experience in catering to various customer groups. Though upper-range medium-sized companies have traditionally accounted for the large part of our core customer group, we also have the expertise to address larger customers. Usually, we define our customers on the basis of the number of seats. Generally, our customer group ranges from 50 to 10,000 seats or more.

In general, Bechtle does not focus on specific industries. Thus, our range of customers includes companies of all industries, and we address each customer group in a different way. In view of the special requirements of the tendering procedures of public-sector clients, we have introduced a more clearly focused, individualised approach to these customers. 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 BUSINESS VOLUME %



Business volume, see Earnings position, page 92

As of 31 December 2021

Geographically, Bechtle’s IT System House & Managed Services segment covers Germany, Austria and Switzerland. Bechtle also engages in system house activities with its location in Brussels, specifically to address European institutions, and, since the reporting period, with the CAD/CAM/PLM specialist Cadmes in the Netherlands and Belgium. Our expanded M&A strategy provides for acquisitions both at the previous locations and outside German-speaking countries. Thus, we are going to step up our presence and extend our service offering to countries in which we had previously only engaged in trading. In the IT E-Commerce segment, the Bechtle Group operates throughout Europe and is active in a total of 14 countries. Based on the Global IT Alliance (GITA), which was initiated in 2014, we also have a network of partner enterprises outside Europe. In the reporting period, we were able to supplement the GITA with new partners in India, Canada and the Caribbean.



See Locations, page 63 ff



See Forecast report, page 134 ff

COMPETITIVE POSITION

Germany’s largest system house. The IT market in Germany is highly fragmented. According to the German Federal Statistical Office, almost 96,000 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. Almost 85,000 of these IT companies merely operate on a local scale and generate revenue of no more than €1 million. Just under 11,000 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 200 companies. Only 49 companies, including Bechtle, are on the list of the largest companies active in Germany.



destatis.de

In Germany, Bechtle occupies an excellent market position. In the ranking of the largest system houses prepared by the industry medium “ChannelPartner”, our company again was the number one in 2021, measured by domestic revenue. Moreover, we have been able to further extend our lead over the competitors.



Sustain the future

According to the industry association bitkom, the total volume of the German IT market (IT hardware, software and IT services) in 2021 amounted to €102.5 billion (prior year: €96.4 billion). With its reported annual revenue of about €3.4 billion in Germany in 2021, Bechtle's market share amounts to almost 3.3 per cent. Germany's ten largest system houses, which the industry medium "ChannelPartner" assesses every year, jointly account for a market share of about 14 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 Share Point or ERP projects.

MODUS Consult GmbH engages in somewhat more significant development activities. Among other things, the company develops ERP solutions on the basis of Microsoft Dynamics 365 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 GmbH 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
- 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 web 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 Microsoft Teams available to medium-sized companies. Moreover, new subjects such as the Internet of Things, artificial intelligence and augmented reality are also promoted. 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, most prominently a universal SharePoint-based document connector.

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 Power BI.

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

VISION, STRATEGY AND CONTROLLING

The strategy of our Group is geared to corporate responsibility and financial security – two key pillars for sustainable business performance. In an age marked by short life cycles, transformation and complexity, the long-term goals formulated in our Vision 2030 provide customers and employees alike with orientation and security. The Sustainability Strategy 2030 that was published in the reporting period combines economic, ecological and social aspects. The combination of long-term orientation with timely business management represents an essential basis for our success.

VISION AND STRATEGY


[bechtle.com/
vision2030](https://bechtle.com/vision2030)

Sustainability Strategy accompanies Vision 2030. Ever since it was founded, Bechtle has formulated its long-term goals in visions published at intervals of about ten years. Vision 2030 was published in 2018 under the heading “Integrate IT. Architect the future”. It determines targets in the following areas: customer orientation as measured by the customer’s success, our competence, professionalism and passion in handling IT and the quest for market leadership and regular above-market growth. Apart from qualitative statements, Vision 2030 also specifies quantitative growth targets. According to the vision, the Group intends to generate business volume of €10 billion with an EBT margin of at least 5 per cent by 2030.


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

In the reporting period, Bechtle published its Sustainability Strategy 2030, which combines economic, ecological and social aspects and serves as a compass for business decisions. It contains strategic goals that are associated with specific measures, thereby ensuring orientation and transparency. Four strategic fields of action are at the heart of the Bechtle Sustainability Strategy 2030, and each has been put into concrete terms with three focus topics and long-term goals. Additionally, we have developed a sustainability programme that defines milestones and determines suitable operating measures. Thus, we can measure our progress transparently and take any necessary corrective action.

04. ACTION FIELDS OF THE SUSTAINABILITY STRATEGY



ETHICAL BUSINESS PRACTICES are a matter of course.

We fulfil our duty to ensure human rights are respected along our supply chain.

FOCAL POINTS

1. Supply chain sustainability
2. Compliance and anti-corruption
3. Social commitment



The **PEOPLE** we work with drive our success.

We embody fairness and value our business partners and employees. Our team is motivated, highly qualified and diverse.

FOCAL POINTS

1. Employer attractiveness
2. Diversity and equal opportunity
3. Health and Safety



We embrace a sustainable **ENVIRONMENTAL** approach in everything we do.

We operate in harmony with our environment to conserve our climate and resources into the future.

FOCAL POINTS

1. Climate and energy
2. Sustainable logistics
3. Circular economy



We shape a sustainable **DIGITAL FUTURE**.

We drive future-facing digitalisation and contribute to our customers' success through sustainable innovation.

FOCAL POINTS

1. Sustainable in-house digitalisation
2. Sustainable technologies, solutions and services
3. Information security and data protection

The basic values of Bechtle AG, which are anchored in the corporate philosophy, are a central component of the corporate culture. Together with our internal management principles, our Code of Conduct and the Bechtle Sustainability Strategy 2030, these values support the long-term strategic objectives. They provide all employees with orientation with a view to efficient, sustainable corporate governance and controlling.

Staff development strengthens competitiveness: Given 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's IT by means of duly qualified personnel. In this way, we endeavour to secure a competitive positioning in an environment marked by rapid change.



Our fundamental values provide orientation



See Notes, **People at Bechtle**, page 71ff

Acquisitions remain part of the growth strategy. We plan to reach the goals of Vision 2030 both through organic growth and by means of acquisitions. As far as organic growth is concerned, we can build on some 38 years of experience in the IT market and our high market penetration. From the outset, takeovers have been part of Bechtle's growth strategy. Since its foundation, Bechtle has successfully carried out more than 100 acquisitions. 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, we aim at supplementing our IT-specific expertise and intensively processing strategically important markets and customer groups in order to gain market shares.

Bechtle has decades of experience in integrating acquisitions. The objective is not only to unify employees, structures and offerings, but also to share the vision, strategy and corporate culture.

Tanja Breitenberger, Mergers & Acquisitions, Bechtle AG

Kirsten Heuermann,
Legal Department, Bechtle AG

Hans-Peter Brinker, Demand & Portfolio Management, Bechtle AG



Digital future for our customers. Bechtle has been active in the IT market for 38 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 business model to the latest market requirements. This is also the case right now: Today, the IT market 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 directed its strategy at actively contributing to this change and boosting 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 mission-critical key figures. 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 value of the company through profitable growth.

The short- and medium-term planning for controlling 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.

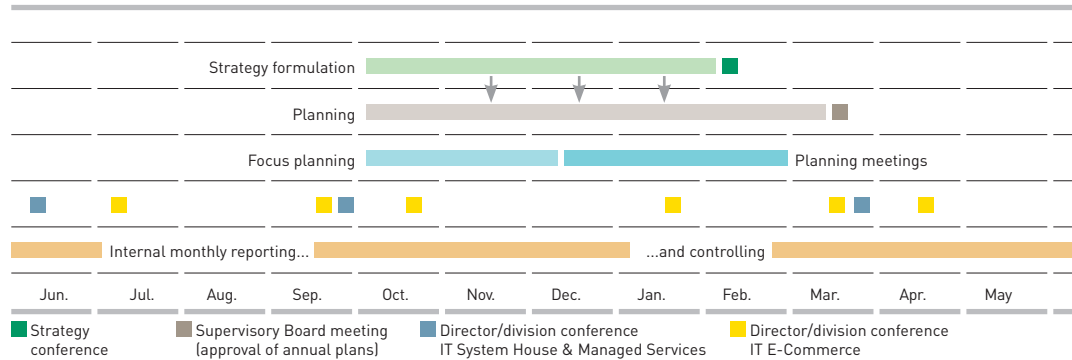
Business volume, revenue, revenue growth, gross margin or contribution margin, earnings before taxes (EBT) and the EBT margin are relevant key performance indicators for the defined economic targets. Individual profit-sharing schemes are in place to enhance the employees' commitment to agreed targets.

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 from the various reporting systems for all operating units. 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 importance. It regularly provides all individual companies with a detailed view of their cash flows.



In accordance with the decentralised structure of the Bechtle Group, the subject of sustainability is pursued in an agile manner in the Group by way of the individual departments and companies, and thus forms an integral part of business operations. The central Sustainability Management reports directly to the Chairman of the Executive Board. Other important new positions include Sustainability Controlling, which is integrated into Group Controlling, the Vendor Management department, which focuses on sustainability and green logistics at Bechtle Logistik & Service GmbH, as well as Digital Sustainability in Bechtle IT.

05. PLANNING AND REPORTING PROCESS OF BECHTLE AG



THE BECHTLE GROUP

Bechtle is by far the largest IT system house in Germany and, with its operations in 14 European countries, one of Europe's largest IT companies. Only Bechtle boasts such a broad international positioning along with a complete one-stop portfolio of IT products and services. Our success is based on the principle of networked decentralisation. The companies at the individual locations operate independently and maintain the vital direct contact with our more than 70,000 customers, which range from typical medium-sized companies to large international corporations. The holding, in turn, performs central services for all group companies in a cost-efficient manner. In this way, the local companies are able to concentrate on their core business and their customers.

LEGAL STRUCTURE

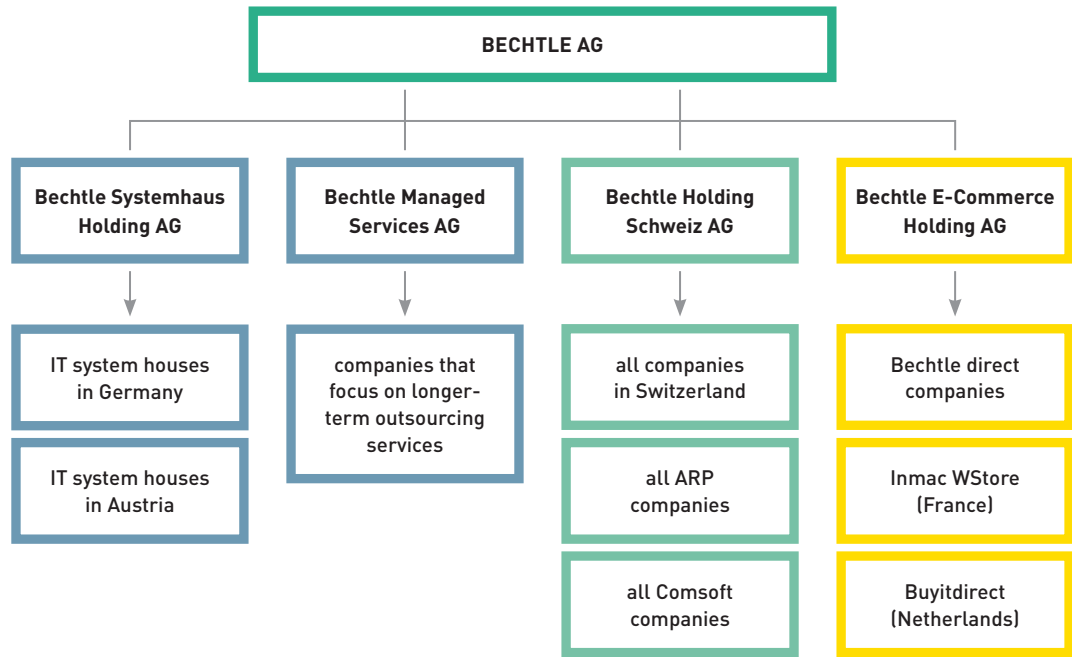
Customer-oriented legal structure. The networked decentralisation model gives the regional subsidiaries plenty of leeway to arrange their operations and thus to focus on their core business. At the same time, they benefit from the central functions and from the competence and organisation of a European group of companies. This is also reflected in our legal structures: The Bechtle Group has a typical holding structure. As the parent and holding company for the entire group of companies, Bechtle AG is responsible for all administrative tasks, such as group controlling, finance, human resources, staff development, mergers and acquisitions, sustainability management, risk management, investor relations and corporate communications, central IT, marketing, legal and compliance, event management and digital business. The holding also includes Bechtle Logistik & Service GmbH, which bundles the group's competencies in the fields of business services, warehouse/logistics, purchasing, product management solutions, product management infrastructure and price and custom brand management.

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.



Autonomous operations
of subsidiaries

06. HOLDING STRUCTURE OF BECHTLE AG



For an overview of the subsidiaries see Notes, page 230 ff

The legally independent subsidiaries are allocated to the 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, thereby enabling more sustainable operations;
- To centrally provide outsourcing and cloud services, in particular, in order to optimise the capacity utilisation throughout the group;
- 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.



Resource savings

MANAGEMENT

Approved guiding principle: networked decentralisation. The hierarchical separation of the strategic group management, for which the Executive Board is responsible, from the leadership of the operational units and from the direct customer contact is the most prominent feature 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 concept 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. In the IT E-Commerce segment, an Executive Vice President is responsible for Germany, Switzerland and Austria. In the reporting period of 2021, Bechtle gained another Executive Vice President in this segment: as of 1 February 2021, Konstantin Ebert was entrusted with the newly created position of Executive Vice President for the IT E-Commerce regions France, the UK and Spain. In the spring of 2022, the number of executive vice presidents in the IT E-commerce segment increased to three with the addition of John Malone. The long-standing Managing Director of Bechtle direct in Ireland took up the newly created position for the direct sales division in Ireland, Southern Europe and Eastern Europe on 1 March 2022. 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, managed services, application solutions and the system house activities in Switzerland. At the beginning of 2022, two positions underwent age-related changes. As of 1 January 2022, Steven Handgrättinger was appointed head of Public Sector, and Frank Diers head of the Cluster North/East. Both had already served in executive roles with Bechtle for many years.

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 the respective company. Bechtle thus promotes and supports the entrepreneurial spirit and business responsibility at all locations in order to ensure successful business performance on a long-term basis.



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

LOCATIONS

Largest location: Headquarters in Neckarsulm. The Bechtle Group is headquartered in Neckarsulm. Apart from Bechtle AG, Logistik & Service GmbH and the German intermediate holding companies are also headquartered here. With about 2,200 employees, Neckarsulm is our Group's largest location. In total, Bechtle AG has more than 100 operating companies. The majority of the IT system houses and service and trading companies are located in Germany, which is also Bechtle's most important national market. Nevertheless, Bechtle generates about 37 per cent of its revenue abroad. In terms of revenue, the most important international markets are France, Switzerland, the Netherlands and Austria.

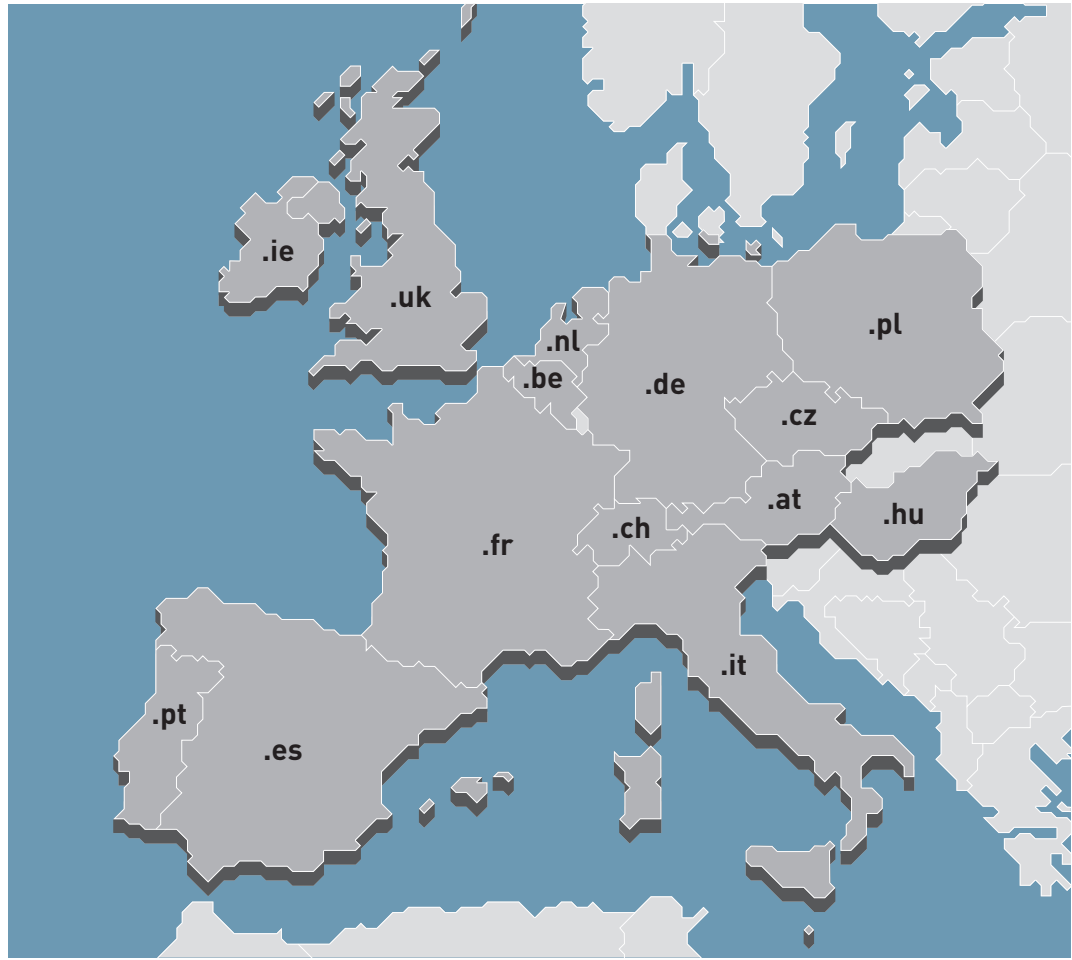


Lived entrepreneurship



For an overview
of the subsidiaries,
see Notes,
page 230 ff

07. E-COMMERCE LOCATIONS OF BECHTLE AG



See
Business activity,
page 48 ff
and Forecast,
page 134 ff

Under the Bechtle direct brand, we have IT E-Commerce locations in a total of 14 European countries. As of 1 January 2022, Bechtle consolidated the activities of the ARP subsidiaries in Germany, Austria, Switzerland and France under the umbrella of the respective national Bechtle direct companies. However, due to the intensified development towards the service business, the ARP brand and activities continue in the Netherlands. Here, Bechtle is also represented with the Buyitdirect brand. The Comsoft direct and Inmac WStore brands are active in France only.



www.bechtle.com/locations



See
Forecast,
page 137 ff

Two 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, our dense network of more than 80 IT system houses spans 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. In the course of the realignment of the mergers and acquisitions strategy, we plan to expand the IT System House segment beyond Germany, Austria and Switzerland.

08. SYSTEM HOUSE LOCATIONS OF BECHTLE AG



In the reporting period, we were able to add two companies to the group in this segment. In August 2021, Bechtle took over the CAD/CAM/PLM specialist Cadmes in the Netherlands and Belgium, which is headquartered in 's-Hertogenbosch, Netherlands. As of the acquisition date, the specialist in in 3D CAD software by Dassault Systèmes SOLIDWORKS had about 100 employees. As of 2 November 2021, the Bechtle IT system house Austria acquired the IT service provider Open Networks GmbH, headquartered in Vienna. Bechtle thus strengthens its competitive position as IT solution and service provider in the Austrian market. With its 25 employees, Open Networks specialises in the implementation of IT infrastructure solutions as well as application services, data centres, security and networking.

PEOPLE AT BECHTLE

Our success is the result of the skills and commitment of all our employees. Another factor that greatly contributes to the further development of our company is the diversity of the people who work for Bechtle. We endeavour to not only gain highly qualified people, but also to retain them on a long-term basis. As an employer, Bechtle is characterised by a respectful and appreciative work environment, extensive training opportunities and a lot of leeway for individual talent and ideas.

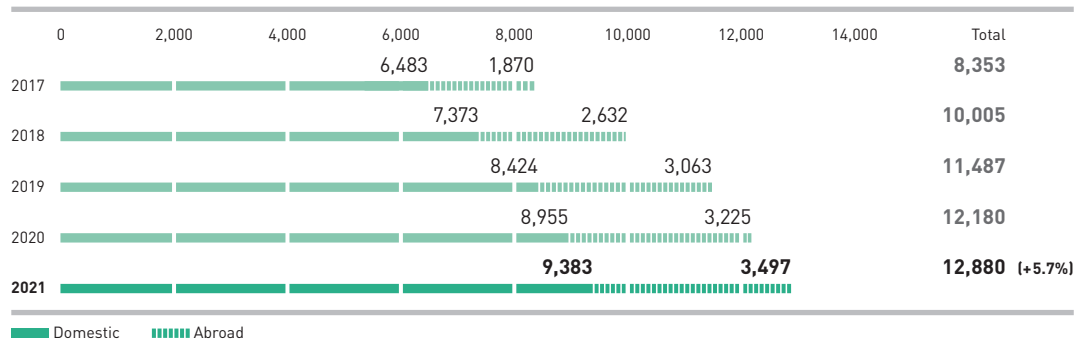
DEVELOPMENT OF THE EMPLOYEE NUMBERS

700 new employees. As of 31 December 2021, the Bechtle Group had a total of 12,880 employees, 700 or 5.7 per cent more than in the prior year (12,180 employees). The increase in the number of employees is mainly the result of new recruitment. In terms of full-time equivalents (FTE), an average of 12,088 employees worked for Bechtle in the reporting period (prior year: 11,541), an increase of 547 people or 4.7 per cent.

Year-on-year, our headcount in Germany went up by 428, an increase of 4.8 per cent. The headcount abroad increased by 272 or 8.4 per cent. Besides other factors, this was due to the two acquisitions that took place in the year ended. As of the end of 2021, more than a quarter of all Bechtle employees worked abroad.

09. EMPLOYEES BY REGIONS

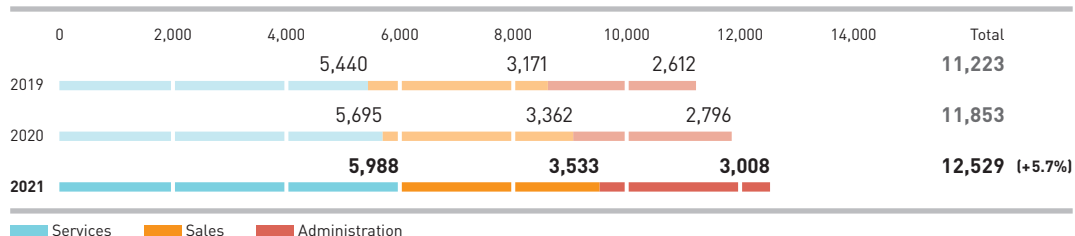
as of 31 December



In terms of the individual functional areas, we recorded the highest growth in administration. In this area, the number of employees went up by 212 or 7.6 per cent. As of the end of the year, sales had 171 more employees, and services 293. This means an increase of 5.1 per cent in both areas.

10. EMPLOYEES BY AREAS

as of 31 December



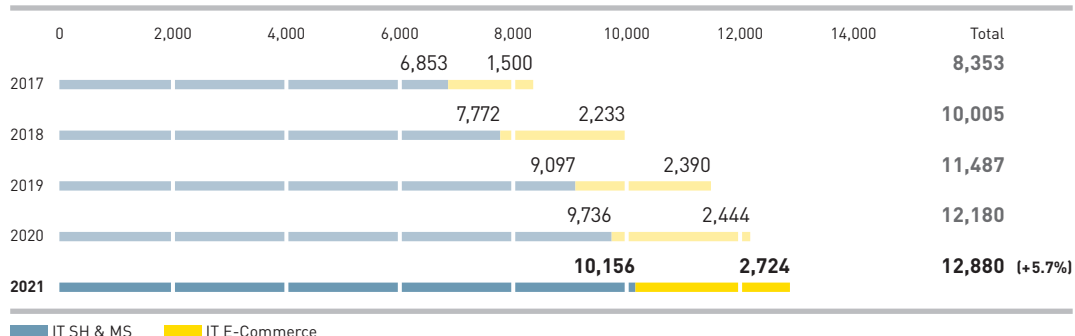
Services Sales Administration

For internal costing reasons, the staff information by areas does not take absentees into consideration.

For the first time, the IT System House & Services segment had more than 10,000 employees as of the end of the year 2021. In total, 420 persons joined this segment in the course of the year, 4.3 per cent more than in the prior year. Due to acquisitions, the companies abroad recorded a much higher headcount increase of 10.5 per cent. The IT E-Commerce segment welcomed 280 new colleagues, an increase of 11.5 per cent. In this segment, the number of employees went up in Germany especially, namely by 23.9 per cent.

11. EMPLOYEES BY SEGMENTS

as of 31 December



IT SH & MS IT E-Commerce

PERSONNEL EXPENSES AND SALARY MODEL

Moderate increase in personnel expenses. In 2021, expenses for wages and salaries including social contributions increased by 7.3 per cent. Compared to the business volume, however, the increase was proportionate. The personnel expense ratio went up from 16.2 per cent to 16.6 per cent. The personnel intensity decreased slightly to 60.4 per cent (prior year: 60.6 per cent) in relation to the gross profit.

12. PERSONNEL EXPENSES

		2021	2020
Personnel and social expenses	€m	879.1	819.5
Personnel and social expenses per employee (FTE) ¹	€k	74.6	72.7
Personnel expense ratio	%	16.6	16.2

¹ 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.

DIVERSITY AND EQUAL OPPORTUNITY



Diversity – an important goal. We are convinced that the diversity at Bechtle and fair treatment of each other contribute to the team performance and thus to the success of the business. We encourage our employees to make use of their individual experiences, competencies and potential in the company, and we value a respectful, appreciative work environment. We are committed to equal opportunity and condemn all types of discrimination. We have embedded this important principle in our Code of Conduct, which is binding for all our employees.

As an IT enterprise active throughout Europe, Bechtle is marked by a great variety of cultures and nationalities. In 2021, the group had 12,880 employees from 100 different nations.

Diverse teams create a better work atmosphere and are more productive. At Bechtle, they are already lived reality for a long time.



Marion Specht, Reception,
Bechtle AG

Thimalka Jayasuriya, VIPM
Microsoft Software Solutions,
Bechtle Logistik Neckarsulm

The average age of all Bechtle employees is 38.8 years. All in all, the age structure is balanced.

13. EMPLOYEE AGE STRUCTURE

as of 31 December

	2021	2020
< 30 years	3,274	3,111
30–50 years	6,682	6,326
> 50 years	2,924	2,743

As of 31 December 2021, the Bechtle Group had 3,630 female employees (prior year: 3,342), a share of about 28.2 per cent of the total workforce (prior year: 27.4 per cent).

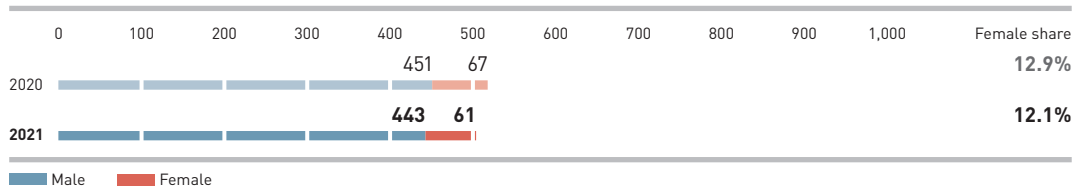
14. PROPORTION OF WOMEN BY AREAS

as of 31 December

	2021	2020
IT E-Commerce segment	40.2%	39.8%
IT System House & Managed Services segment	21.8%	21.1%
Central divisions	49.2%	49.4%

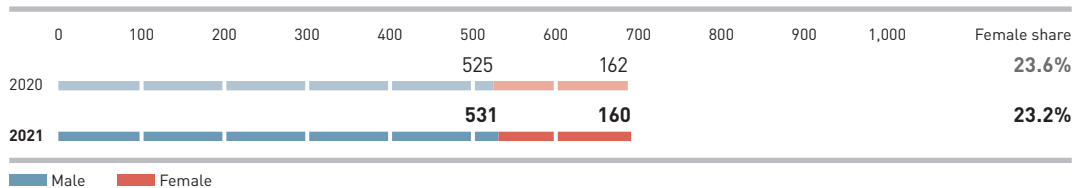
15. EXECUTIVES: SHARE FEMALE/MALE

as of 31 December



16. TRAINEES: SHARE FEMALE/MALE

as of 31 December



For many years, our company has been making use of various measures to promote women, such as the Girls' Days, the Future Days and mentor programmes. In the reporting period, these events were held at various locations. Furthermore, numerous small and large initiatives were initiated to promote women. For example, we participated in the Target Gender Equality Programme of the UN Global Compact and contributed to events of the Diversity Charta. In autumn 2021, a cooperation with Dell was launched under the name "Let's connect". This initiative was open to all women who work for Bechtle and enabled the participation in workshops on personal branding, network, resilience and the #IamRemarkable programme. The workshops were held in English and German. So far, 1,113 colleagues have made use of this offering. The cooperation will be further expanded in 2022.

In the reporting period, the proportion of women on the Supervisory Board amounted to 33.3 per cent. Currently, all Executive Board members and Executive Vice Presidents are men, and women are currently underrepresented at the higher executive levels. In the long term, Bechtle intends to increase the proportion of women especially in executive functions.

Back in December 2020, the Supervisory Board had already determined a target for the proportion of women on the Executive Board. By 30 June 2025, the group's Executive Board is to include one woman.

The group's Executive Board has also redetermined the targets for the proportion of women in supervisory and executive functions. For the first executive level under the Executive Board, which comprises the Executive Vice Presidents throughout the group, the new target is 22 per cent, or two jobs, by 31 January 2025.

The second executive level under the Executive Board comprises the decision makers in managerial positions as well as other executives throughout the group that report directly to a member of the Executive Board. For this executive level, the Executive Board has determined a target quota of 25 per cent or 31 persons. This target, too, is to be reached by 31 January 2025.

17. PROPORTION OF WOMEN IN SUPERVISORY AND SENIOR FUNCTIONS

as of 31 December

	Target	2021	2020
Supervisory Board	30% according to law	33.3%	33.3%
Executive Board	One person	0%	0%
First executive level under the Executive Board	22%	0%	0%
Second executive level under the Executive Board	25%	7.8%	8.7%

EDUCATION AND TRAINING

Our goal is to increasingly meet the growing need for experts and executives from our own ranks. Therefore, Bechtle attaches great importance to training, the development of employees and executives and knowledge management. Staff development centrally designs and organises development programmes for qualified staff and executives for the companies in Germany and abroad, accompanying programmes for apprentices and students on integrated degree programmes and the trainee programme. The Bechtle Academy supplements the offering with a broad training portfolio for all employees of all hierarchy levels.

Training secures future staffing. 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 popular training company for various administrative and technical professions. We also offer integrated degree programmes in various economic and technical subjects.

In the reporting period, 244 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 691 young trainees (prior year: 687), including 82 abroad.

18. DISTRIBUTION OF TRAINING PROFESSIONS AND DEGREE PROGRAMMES	as of 31 December	
	2021	2020
Administrative apprentices	226	235
Technical apprentices	371	363
Administrative students	53	54
Technical students	41	35

At the headquarters in Neckarsulm, the training ratio remained nearly unchanged at 7.8 per cent. In Germany, it amounted to 6.5 per cent, a level close to that of the prior year (6.7 per cent). Our goal is to raise the training ratio in Germany to 10 per cent by 2030.

Broad offering to ensure supply of junior staff. 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 locations and presentations in school classes, we provide 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.



Promote young people

To facilitate the first steps in our company and the day-to-day business, all trainees participate in the introductory event MIKADO. At this event, the newcomers get to know Bechtle and especially group headquarters with its service units. During their training, a tried-and-tested mentoring model, regular meetings and cross-location seminars give the young people an opportunity to engage in interchange and to 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. Upon successful completion of the training, we are able to offer almost all apprentices and students on integrated degree programmes permanent employment contracts.

Last year, too, most of the events and offers for young people could not take place in the usual way due to the pandemic. However, Bechtle actively participated in a wide range of hybrid workshops, live talks, educational fairs and university events. In the summer months, it was even possible to roll out some on-site events.



Qualified employees contribute to the success of the company. Our goal is to continuously improve the quality of our training offers and thus the competencies of all employees. The Bechtle Academy, which was established by the company back in 1999, backs the individual training at the group locations, offering all employees a comprehensive qualification programme. From an organisational perspective, the Academy's activities take place under the umbrella of the staff development department. The department's task is to support the achievement of the growth targets of the Bechtle Group by means of suitable strategic staff development measures. The Academy's offering ranges from ongoing training measures to the acquisition of special skills to interdisciplinary seminars.

19. BECHTLE ACADEMY OFFERING: ONLINE AND CLASSROOM SEMINARS

as of 31 December

	2021	2020
Number of participants	7,668	4,991
Number of completed courses	625	401

Additionally, our learning platform Learning Campus features numerous e-learning courses for a wide spectrum of subjects. Our target group-specific training offering addresses both newcomers and professionals. The courses are available in various languages for all European countries. All Bechtle employees have access to this system. The objective of this platform 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. Moreover, we reduce emissions and expenses for training-related business trips.

20. BECHTLE ACADEMY OFFERING: E-LEARNING COURSES

as of 31 December

	2021	2020
Number of e-learning courses	207	246
Number of completed courses	68,611	35,459

The Bechtle Academy is also responsible for the monthly introductory events for new colleagues. Moreover, all employees can take courses at the Bechtle training centres or participate in external training measures.

Bechtle management feedback as another instrument of the management initiative. In 2021, we continued our broad-based leadership initiative begun in 2020. The initiative comprises elements such as a leadership platform that can be accessed by all Bechtle Group employees as well as extensive executive staff training measures. The newly introduced Bechtle management feedback affords participating executives the opportunity to find out what the team and the respective supervisor thinks of their management behaviour and compare this with how they perceive themselves. Here too, our management guidelines provide orientation. In the year ended, about 160 executives made use of this opportunity. The objective of all measures is to further improve leadership skills in order to facilitate the realisation of the Vision 2030.

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. The junior management programme (JuMP) addresses 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, is offered every two years. 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.



Executives from
our own ranks

The certified Bechtle IT business architects programme was launched 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.

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.

21. PARTICIPANTS IN BECHTLE DEVELOPMENT PROGRAMMES

as of 31 December

	2021	2020
Bechtle junior management programme	85	109
Bechtle general management programme	11	19
IT business architects programme	12	12

Bechtle offers an attractive trainee programme for ambitious graduates and lateral entrants with a knack for IT. Within a period of nine months, the trainees are prepared for taking over a specialist position. From the outset, the programme promotes personal responsibility and initiative and an autonomous approach.

EMPLOYER ATTRACTIVENESS



Strong employer brand

Bechtle – an established employer brand. Recruiting qualified people to our company and retaining them in the long term is of great strategic and economic importance to us. With our employer brand, which was revised in the reporting period, we have carved out an employer promise that encompasses all elements that make Bechtle unique. The accompanying campaign serves the recruitment of new employees via all available channels. In 2021, Bechtle again received the “Best Recruiters Gold” award, once again taking 1st place in the IT/software/telecommunication sector. In the overall ranking, Bechtle came 10th. This award confirms the effectiveness of our company’s recruitment strategy.

In 2021, Bechtle was again perceived as an attractive employer. Throughout the group, 700 new employees joined the team. Though the fluctuation rate went up from 7.2 per cent to 9.1 per cent, it is still under the level of 2019. We attribute the drop by more than two percentage points in 2020 to the general uncertainty and the reduced willingness to change job in the first year of the COVID-19 pandemic. Our goal is to keep the fluctuation rate below 10 per cent. The average length of service remained steady at 5.8 years.

In September 2020, Bechtle launched a group-wide satisfaction survey among all employees, which will be repeated every two years. Based on the insights obtained about the employee satisfaction, the company is able to determine systematic, specific measures to further improve the satisfaction. Most employees were positive about the evaluation fields “mutual support in the team”, “varied field of activity with interesting duties” and “sufficient leeway and responsibility”. Moreover, the personal dialogue between executives and employees remains the most important communication instrument.

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

Focus on employee protection. We want to offer our employees a safe, productive work environment in which they feel comfortable and can avoid work-related injury and illness. For this, we need to assume our responsibility as an employer towards our employees and make sure that the workplaces are designed to be safe and conducive to good health. We place great emphasis on compliance with statutory regulations and attach great importance to occupational safety and health protection.

A central coordination unit for occupational safety supports all German companies of Bechtle AG. It maintains contact with the occupational health service, instructs together with that service the Managing Directors throughout Germany about their duties and provides e-learning material for employees. Furthermore, the central coordination unit prepares occupational safety, health protection and fire protection guidelines. All employees in Germany regularly receive occupational safety instructions and have access to the German Occupational Safety Act via the Internet. The subsidiaries abroad organise their guidelines, training and instructions independently in accordance with the relevant national law.



High health and safety standard



A strong employer brand makes the company attractive for employees. In 2021, we thus succeeded in staffing job openings with qualified new colleagues.

Sebastian Falch, Human Resources Specialist – Top Management, Bechtle AG

Ahmed Srir, VIPM HPE, Bechtle Logistik Neckarsulm

Jana Kühnel, Human Resources Specialist – HR Communications, Bechtle AG



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

In 2013, Bechtle established a Company Health Management unit at its group headquarters in Neckar-sulm. This unit pursues a holistic approach to the topic of health and is controlled by the central Human Resources department. Apart from planning and coordinating health measures at group headquarters, Company Health Management regularly communicates with the HR managers of other Bechtle locations in Germany and abroad.

In the reporting period, especially digital health promotion formats, such as yoga courses and spine exercises, were offered to the entire team. A newly installed video system in the new exercise facilities at group headquarters facilitated the transmission of the courses to all locations. In addition to the offerings at group headquarters, various other health campaigns were offered throughout the Bechtle Group.

For many years, Bechtle has been offering its employees flu jabs. Furthermore, almost 2,200 people at headquarters made use of the offer to get COVID-19 vaccinations (including booster vaccinations). Vaccinations were also offered to the employees at other locations.

In 2021, the special circumstances of the COVID-19 pandemic required considerable flexibility in the HR work, e.g. with regard to the implementation of frequently changing regulations for employers. During the time that home-office work was mandatory, about 90 per cent of the employees again worked from their homes. Work on-site was only possible in strict compliance with the statutory COVID-19 occupational safety regulations. The logistics personnel who were unable to work from their homes were subject to special protective measures. In the reporting period, we only had to resort to short-time work to a limited extent at some locations.

SHARE

The 2021 stock market year was challenging for all market players. The markets were nervous and volatile. Ultimately, however, a positive trend prevailed. The Bechtle share, too, was affected by this development. After our share had been subject to pressure in the first half of the year, the price went up as the year went on, reaching various all-time highs and the yearly high of €69.14 in November. Our share closed the year with a plus of 5.8 per cent. From the second half of the year, the market capitalisation remained stable above the €7 billion mark and amounted to more than €8.7 billion when the all-time high was reached.

STOCK MARKET

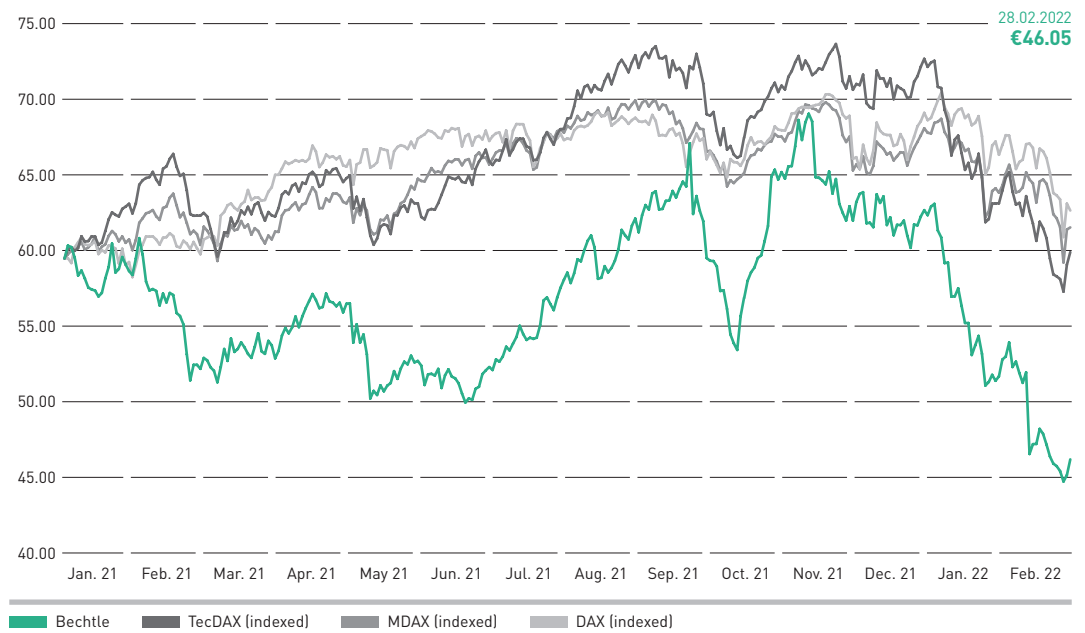
Stock markets brave the pandemic. The stock markets made a very optimistic start into 2021. The persistently loose monetary policy of the central banks and the launch of vaccination campaigns around the globe helped the capital market to achieve a noticeable upturn. Nevertheless, a strong measure of tension and volatility could be felt, due especially to recurring infection waves with increasingly high incidences, ongoing geopolitical uncertainties, global supply chain bottlenecks, announcements that the monetary policy would be tightened as well as the scenario of rising interest rates due to higher inflation. Yet, the positive trend prevailed in the long run. Thus, the DAX exceeded the threshold of 15,000 for the first time in the first half of the year and reached a record high of 16,251 points in November. The MDAX and the TecDAX also performed well. At the end of the year, many indexes were close to their all-time highs; some had even doubled compared to the COVID-19 low in March 2020. In total, the reporting period saw an increase of the DAX by 15.8 per cent, of the MDAX by 14.1 per cent and of the TecDAX by 22.0 per cent.

SHARE PERFORMANCE

Challenging stock market year for Bechtle. In the year ended, the price of the Bechtle share was highly volatile. In the course of the investment shift to other industries, most technology securities came under pressure early in the year. This also affected the Bechtle share, which reached its annual low of €49.85 in mid-June. However, the share price recovered continually in the second half of the year and reached new highs from September onwards. In autumn, the intensifying global supply bottlenecks and the rising inflation again caused a drop in stock market prices. However, owing to the excellent business figures in the third quarter and other factors, the Bechtle share was not impacted as severely as others. On 9 November 2021, the upward movement culminated in an all-time high of €69.14. Further uncertainties triggered by the newly emerged Omicron variant of the COVID-19 virus and mounting inflation rates encumbered the price towards the end of the year. Nevertheless, the Bechtle share closed at €62.94 on 31 December 2021, an increase of 5.8 per cent.

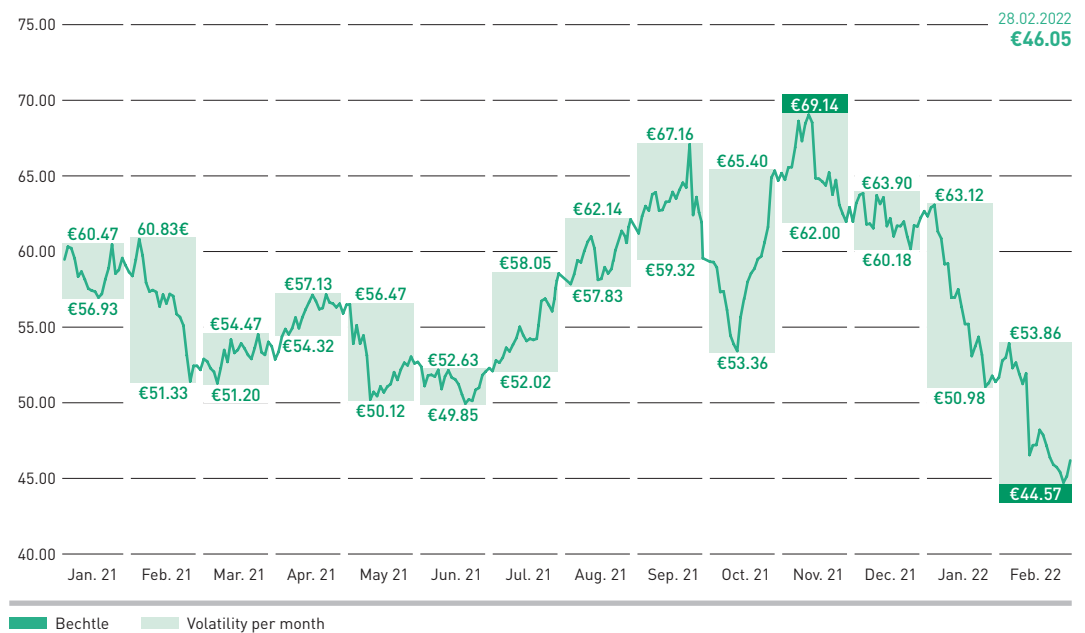
22. THE BECHTLE SHARE – PERFORMANCE FROM JANUARY 2021 TO FEBRUARY 2022

€



23. THE BECHTLE SHARE – HIGHS AND LOWS FROM JANUARY 2021 TO FEBRUARY 2022

€



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

Bechtle Volatility per month

Our company's market cap developed in line with the share price. Following the consolidation phase in spring and summer 2021, the market cap again surpassed the threshold of €8 billion in early September and reached a new high of €8,711.6 million in November. As of the end of the year, the market cap amounted to €7,930.4 million. Year-on-year, Bechtle's Deutsche Börse ranking declined one step to 52nd place. In the TecDAX, our company was in 10th place (prior year: 8th place). Bechtle thus effectively reinforced its position in the German economy.



24. TRADING DATA OF THE BECHTLE SHARE

		2021	2020	2019	2018	2017
Closing price at the end of the year	€	62.94	59.47	41.73	22.62	23.17
Performance	%	+5.8	+42.5	+84.5	-2.4	+40.7
High (closing price)	€	69.14	62.8	42.53	29.97	24.24
Low (closing price)	€	49.85	28.5	20.77	21.28	15.5
Market cap – total ¹	€m	7,930.4	7,492.8	5,258.4	2,849.7	2,919.8
Avg. turnover/trading day ²	shares	138,224	140,482	106,634	101,037	45,637
Avg. turnover/trading day ²	€	13,778,684	20,657,614	9,980,675	7,668,425	3,604,891

Xetra closing price data (adapted to share split)

¹ As of the end of the year

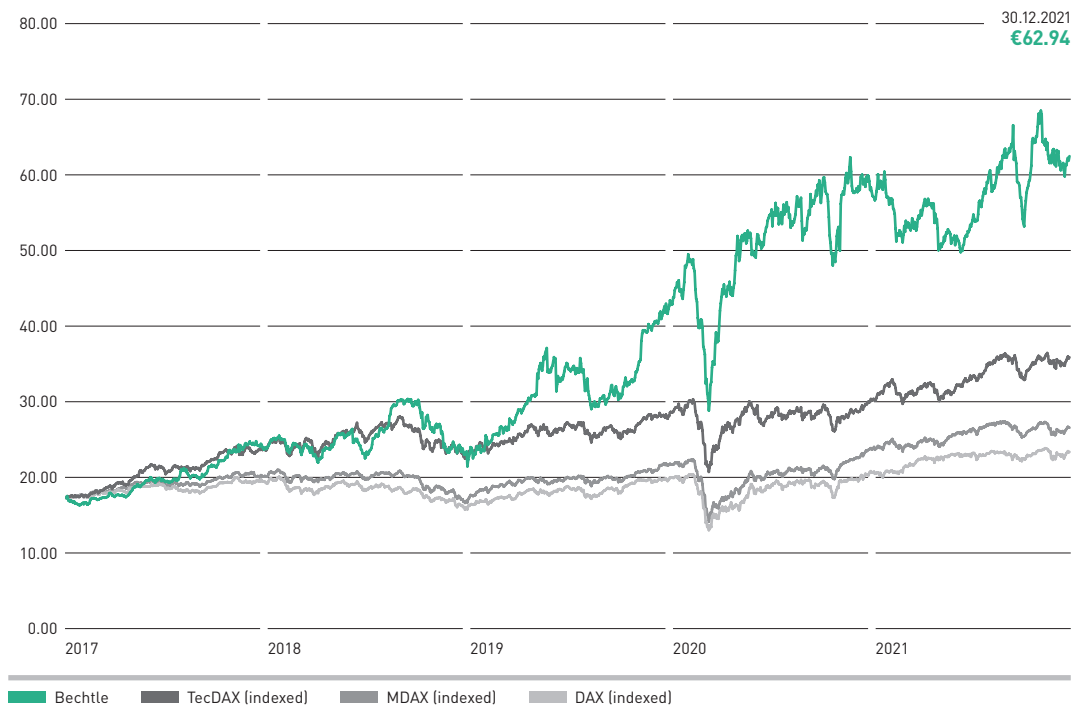
² All German stock exchanges

The average trading volume remained clearly above pre-pandemic levels, though below the figure that had been recorded in the previous year. This was due to the much higher volatility, especially in the first half of 2020. In 2021, the trading volume per trading day amounted to €13.78 million.

In terms of the number of shares, the trading volume remained stable at a high volume. On average, 138,224 Bechtle shares were traded per day (prior year: 140,482). As of the reorganisation of the DAX index in September, the trading volume is no longer of any significance to the inclusion in the indexes. Therefore, the trading volume ranking is no longer relevant either.

25. THE BECHTLE SHARE – PERFORMANCE FROM 2017 TO 2021

€



CAPITAL MEASURE

Capital increase improves tradability. By proposal of the Executive Board and the Supervisory Board, the Annual General Meeting of 15 June 2021 decided to increase the company's share capital from company funds by issuing so-called bonus shares to the company's existing shareholders. The capital increase was entered in the commercial register on 29 July 2021. The company's share capital thus tripled to €126 million, divided into 126 million no-par shares. Every shareholder of Bechtle AG received two additional new shares (so-called bonus shares) for every existing Bechtle share.

The last trading day prior to the technical roll-out of the share capital increase from company funds and the issuance of the bonus shares was 13 August 2021. Stock market quotes for the new shares on the regulated market of the Frankfurt Stock Exchange started on 16 August 2021. The stock market level of the Bechtle share was thus reduced to one third, but without any change to the real value of the share portfolio. The new shares are entitled to profit starting from the start of the 2021 fiscal year.

The objective of this measure was to improve the tradability of the share certificates at the stock exchanges, thereby making it easier for more investors to enter into the Bechtle share or to expand their existing positions. The significant increase in the trading volume and the price performance since the implementation demonstrate the success of the measure.

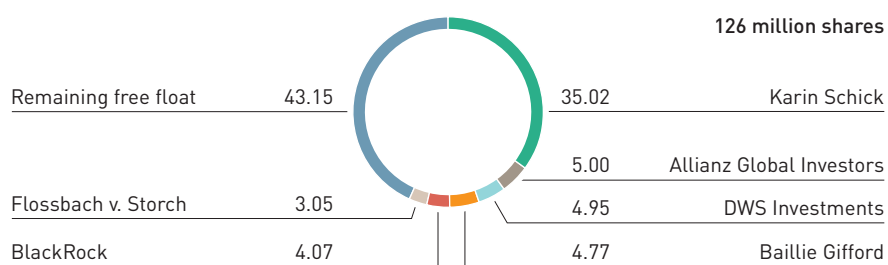
All price information and all indicators that refer to share prices have been adapted to the new price.

SHAREHOLDER STRUCTURE

Reliable investors. With an interest of 35.02 per cent, Karin Schick remains the largest shareholder of Bechtle AG. This figure also comprises the shares of Schick GmbH, of which Karin Schick is a partner, and shares belonging to her son. We regard the Schick family as an anchor shareholder that holds its shares on a very long-term basis, thereby effectively ensuring the high stability of the market cap. 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.



26. SHAREHOLDER STRUCTURE %



As of 28 February 2022

DIVIDEND



12th dividend increase in a row planned. Since its IPO in 2000, Bechtle has pursued a sustainable, shareholder-friendly dividend policy and has distributed profits to the shareholders year after year. The reliability of the profit distribution policy is also evident from the continuous dividend increase.


Despite the unusual and challenging circumstances that persisted in 2021, Bechtle AG recorded excellent results. The Executive Board and the Supervisory Board have therefore agreed to propose a dividend of €0.55 per share (prior year: €0.45, adapted to the share split) for the 2021 fiscal year to the General Meeting. This would be the 12th increase in a row. Subject to the approval of the General Meeting, the payout proposal would correspond to a dividend increase of 22.2 per cent.

As of 31 December 2021, the number of shares with dividend entitlement was 126,000,000. Thus, the sum to be distributed for the 2021 fiscal year amounts to €69.3 million. This would mean a dividend payout ratio of 29.9 per cent of the consolidated earnings after taxes (prior year: 29.4 per cent). In relation to the annual closing price of our share, the dividend yield would amount to 0.9 per cent (prior year: 0.8 per cent).

EARNINGS PER SHARE

Earnings per share 20.2 per cent above prior year. The improvement of the operating earnings was accompanied by a corresponding rise in the earnings per share (EPS). With 126 million shares and earnings after taxes of €231.4 million, EPS amounted to €1.84, some 20.2 per cent more than in the prior year (€1.53 adapted to share split).

27. SHARE PERFORMANCE INDICATORS

 For further key figures, see Multi-year overview, page 252

		2021	2020	2019	2018	2017
Shares with dividend entitlement ¹	shares	126,000,000	42,000,000	42,000,000	42,000,000	42,000,000
Earnings per share	€	1.84	4.58	4.06	3.27	2.73
Amount distributed	€m	69.3 ²	56.7	50.4	42.0	37.8
Dividend payout ratio	%	29.9 ²	29.4	29.6	30.6	33.0
Cash dividend per share	€	0.55 ²	1.35	1.20	1.00	0.90
Dividend yield ¹	%	0.9 ²	0.8	1.0	1.5	1.3
Price/earnings ratio ¹		34.2	38.9	30.8	20.8	25.5

¹ As of the end of the year

² Subject to approval of the Annual General Meeting

ANNUAL GENERAL MEETING

Interest remains high. Due to the COVID-19 pandemic, the 21st Annual General Meeting of Bechtle AG again took place in a virtual setting at the headquarters in Neckarsulm. The shareholders or their proxies were able to watch the Annual General Meeting on 15 June 2021 live via an online portal and exercise their shareholder rights. The Annual General Meeting again attracted a lot of interest: about 77 per cent of the share capital participated in the voting. All agenda items were adopted with an overwhelming majority, underlining the high trust put in the Executive Board and Supervisory Board.

CAPITAL MARKET

Open and transparent communication. We regard Bechtle's success as the result of a joint effort and trusting cooperation with our stakeholders. This cooperation takes place in accordance with the principles of openness and transparency and is shaped by our corporate culture. In their capacity as owners, our shareholders are among the most important stakeholders of our company. Therefore, one of the most important tasks of the financial communication is to include them and engage in dialogue with them.



Highly transparent
shareholder dialogue

Coverage further expanded. In 2021, a total of 15 institutions reported on Bechtle in detailed surveys and ad-hoc analyses: AlsterResearch, Baader Bank, Berenberg, Deutsche Bank, DZ Bank, Hauck Aufhäuser Lampe, Jefferies, Kepler Cheuvreux, Landesbank Baden-Württemberg, Metzler, Oddo BHF, Quirin Privatbank, Stifel, UBS and Warburg Research. In summer, Oddo BHF took over the research department of Commerzbank. In September 2021, UBS started covering Bechtle with a "buy" rating. Alster Research's coverage also started in 2021. In January 2022, the number of analysts has been increased to 16 with BNP Paribas Exane. Bechtle pursues regular constructive dialogue with all institutions. This is further intensified by means of analyst visits to the headquarters and the participation in various conferences and roadshows.



[bechtle.com/
analysts-recommendations](https://www.bechtle.com/analysts-recommendations)

Numerous virtual events. In the context of our intensive investor relations activities, we continually engage in interchanges with all interested capital market players. In 2021, we again had numerous contacts with existing and potential investors. Due to the ongoing pandemic, most of the contacts again took place in a virtual setting. Starting from the second half of the year, we were able to roll out some in-person roadshows throughout Europe.

At a total of 14 roadshows and investor conferences held throughout 2021, we provided information about our company's economic situation, business strategy and outlook in individual and group discussions.

Moreover, personal contact with private investors is very important to Bechtle. Apart from the Annual General Meeting, our shareholders can gain an insight at the Shareholder Days, which feature various presentations and provide opportunities for personal conversations. Unfortunately, we were again unable to engage in this kind of interchange with our shareholders in 2021. However, as soon as circumstances permit, we plan on resuming our Shareholder Days. At the end of the year, a virtual event was held in cooperation with Heilbronn University and Bechtle's Investor Relations department. The goal was to expand the reach to younger people on the capital market and create enthusiasm for Bechtle.



bechtle.com/investors

We always endeavour to inform all capital market players in a transparent, comprehensive and timely manner about all significant events that take place in our company. Therefore, our website always features up-to-date corporate information such as presentations, financial reports, press releases and ad-hoc releases. In the course of the relaunch of our investor relations website, a page has been set up especially for retail investors.



bechtle.com/retail-investors



See Imprint, page 262

For further information, visit our website or feel free to contact us.

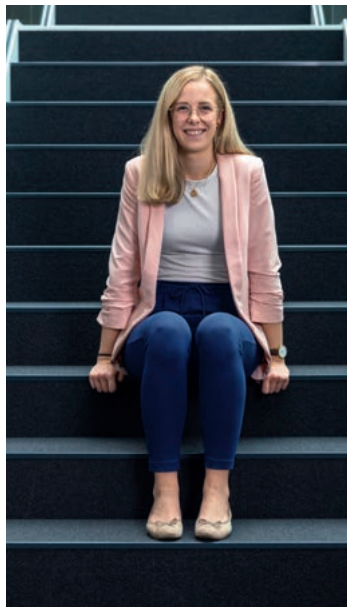
The future success of Bechtle largely lies in the hand of future generations. This is why education and training are vital. In the reporting period, the number of new apprentices and students on integrated degree programmes was higher than ever.

Phostine Stepper, European Content Management, Bechtle Logistik Neckarsulm

Jana Fischer, student on an integrated degree programme, Business Administration, Bechtle AG

Sun-Dong Lee, Product Management, Bechtle Logistik Neckarsulm

From left to right



CORPORATE GOVERNANCE

Ever since the company was founded, Bechtle has regarded responsible corporate governance as a matter of course. Our aim has always been to live up to the expectations of the various stakeholders, such as employees, customers, suppliers and shareholders, as well as to our social responsibility in the best way possible. In everything we do, our main goal is to achieve profitable growth of the company.

As a matter of principle, Bechtle prepares its reporting of corporate governance on the basis of the recommendations of the German Corporate Governance Code (DCGK). Additionally, we have also always included our own responsible governance considerations with a view to the specific circumstances of Bechtle AG.

Bechtle's Corporate Governance Statement is the central document of the corporate governance reporting. We publish this statement on our website. All information on corporate governance is also published online, e.g. the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), which is jointly issued by the Executive Board and the Supervisory Board.



bechtle.com/investors/corporate-governance

In 2021, the Supervisory Board examined the compensation of the Executive Board and the underlying compensation system and submitted a system for the compensation of the members of the Executive Board to the General Meeting for voting. The system is in accordance with Section 87a of the German Stock Corporation Act (AktG) and takes the latest recommendations of the German Corporate Governance Code (DCGK) into consideration. On 15 June 2021, the General Meeting approved the compensation system of the Executive Board. Bechtle publishes the compensation report (according to §162 AktG), which contains information on the Executive Board and Supervisory Board compensation and is now required by law, on pages 25 ff of the Annual Report and on our website: bechtle.com/investors/corporate-governance. On 2 June 2022, it will be submitted to the General Meeting in this form for approval.



See
Compensation report,
page 25 ff

TAKEOVER-RELATED DISCLOSURES

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

In the reporting period, Bechtle AG performed a capital increase from company funds. Accordingly, the issued capital has gone up. As of 31 December 2021, the company's issued capital amounted to €126 million, divided into 126,000,000 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://www.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 4 March 2022, 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.



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

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 Chairperson or Spokesperson of the Executive Board.



See Notes,
Issued capital,
page 184 f

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,
Conditional capital,
page 184 f

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 €18.9 million by issuing new bearer shares against cash contributions and/or contributions in kind until 14 June 2026 (authorised capital according to Article 4.3 of the Articles of Incorporation). Detailed information on this subject is available in the Notes.

The company's issued capital has been increased conditionally by up to €6.3 million pursuant to Sections 192 et seq. of the German Stock Corporation Act (AktG). The conditional capital increase serves the issue of no-par shares to the holders or creditors of convertible or warrant bonds, profit participation certificates or income bonds, or a combination of these instruments. Until 14 June 2026, the Executive Board may, subject to the approval of the Supervisory Board, issue convertible bonds, warrant bonds, profit participation certificates, income bonds or combinations of these instruments in bearer form with or without a fixed term to maturity in the total nominal amount of up to €350 million and grant the holders or creditors of convertible or warrant bonds conversion or option rights to new no-par bearer shares of the company with a pro-rata share in the issued capital of up to €6.3 million (conditional capital pursuant to Article 4.4 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 payment to be granted in the event of premature termination of employment due to a change of control to three times the total annual compensation for one year. 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

The year 2021 saw a macroeconomic upturn. Though the effects of the COVID-19 pandemic were very obvious, recovery trends were felt throughout the economy. In terms of the GDP performance, all national economies in the EU experienced a trend reversal. Against this backdrop, the IT market, too, picked up, though the increase could have been higher if not for the global supply issues. In this setting, Bechtle performed very well and grew faster than the industry and the economy as a whole.

MACROECONOMY



ec.europa.eu

Macroeconomic rebound. In the second year of the COVID-19 pandemic, the macroeconomic mood brightened up considerably. Nevertheless, the national economies in the EU continued to be faced with a challenging situation. According to the latest figures published by the European Commission, the gross domestic product (GDP) underwent significant growth of 5.3 per cent in 2021. At 0.0 per cent, no growth impulses were seen in the first quarter. In the next two quarters, however, the macroeconomy recovered at a higher pace of 2.1 and 2.2 per cent, respectively. The newly discovered Omicron variant of COVID-19 as well as ongoing global supply bottlenecks, however, brought the growth rate in the fourth quarter down to 0.4 per cent. The performance in the different Bechtle markets in the EU was uneven, but always positive. Ireland again achieved the highest performance, with an increase of 13.7 per cent. At 2.9 per cent, Germany was at the bottom of the range, followed by the Czech Republic with 3.3 per cent. In 2021, investments in equipment – an indicator that is relevant to Bechtle – recorded a noticeable recovery with growth of 10.1 per cent in the EU.



destatis.de

Compared to the EU, the ongoing effects of the COVID-19 pandemic were felt more intensively in the German economy. As reported by the German Federal Statistical Office, the GDP returned to the growth path in 2021, achieving an increase of 2.9 per cent (prior year: –4.6 per cent). On the other hand, the growth rate was considerably lower than in other European countries. Nevertheless, the growth was the strongest since 2011. At 3.4 per cent, the increase in investments in equipment was only slightly above that of the GDP and even more markedly below the figure for the EU. The increase in government investments amounted to 3.1 per cent, a level below that of the prior year. The performance in the individual quarters was weaker than in the EU, especially in the first and fourth quarters (–1.7 per cent and –0.3 per cent, respectively). Growth similar to that in the EU was recorded in the second and third quarters (2.2 per cent and 1.7 per cent, respectively).

The performance of the ifo business climate index for Germany was similar to that of the GDP. Following a low of 90.9 points in January 2021, the index climbed to 101.7 at the end of the first six months, after which it flattened again. Still, the index was 94.7 points in December, a figure higher than that at the start of the year.

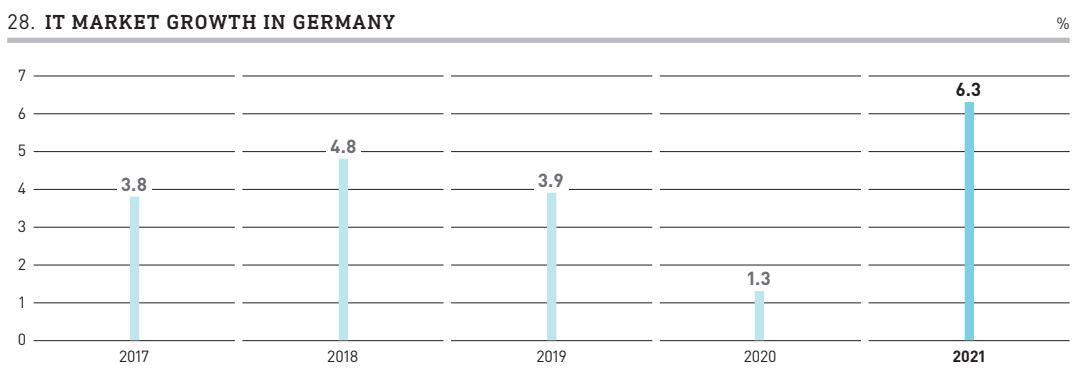
INDUSTRY

German IT market growing. From the perspective of the IT market, the year 2021 was encumbered by worsening supply bottlenecks and thus a high degree of uncertainty. As a result, the willingness to invest in IT, which was generally very high, could only be met to a limited extent. Though the growth rates mentioned below were very high, the figures were impaired by supply bottlenecks. The latest figures of the market research institute Gartner reflect this factor and especially the intensification of this issue towards the end of the year. According to these figures, global PC sales dropped by 5.0 per cent in the fourth quarter of 2021. Nevertheless, a 9.9 per cent increase in PC sales is reported for the year as a whole.

According to figures presented by the industry association bitkom, the IT market in Germany achieved significant growth of 6.3 per cent. As reported by the French industry association numeum, the same growth levels were reached in the French IT market, our largest foreign market. Despite the supply bottlenecks, the hardware business was the main growth driver with an increase of 8.3 per cent. Software revenue, too, recorded significant growth of 8.0 per cent. The performance of the service revenue was weaker with growth of only 3.7 per cent.

In 2021 as a whole, the ifo business climate index for IT service providers was positive, though it fluctuated during the year. The evaluation of the current business situation underwent a significant increase from 31.1 points in January 2021 to 50.3 points in December 2021. On the other hand, the business outlook became much gloomier, dropping from a high of 41.8 points in June to 24.3 points in December. As a whole, at 36.9 points, the index was significantly above the January figure of 21.1 points, but still much lower than the annual high of 45.7 in June.

28. IT MARKET GROWTH IN GERMANY



OVERALL ASSESSMENT AND EFFECTS OF THE ECONOMIC ENVIRONMENT

Bechtle gains additional market shares. In the reporting period, the recovery of the macroeconomy and especially the IT industry delivered positive impulses. Another aspect that was almost just as important for investment decisions was the substantial brightening up of the mood in the economy in the first half of the year. Nevertheless, the ongoing COVID-19 pandemic and the associated effects continued to impact the year 2021. The global supply problems made the situation worse in the IT market as well. The growth rates – regardless of how positive in individual cases – could have been higher under normal supply conditions.

For a long time, Bechtle AG managed to achieve high growth rates despite the said difficult framework conditions. Towards the end of the year, though, Bechtle's operations, too, were impacted more severely by the supply issues. At the bottom line, however, our company's growth in the reporting period again exceeded the growth rates achieved by the IT market as a whole, enabling it to further expand its market share.

Apart from the COVID-19 pandemic and the global supply issues, 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 the group as a whole.

EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

Despite difficult framework conditions, Bechtle was able to significantly increase its revenue in 2021. The reporting period was overshadowed by global supply problems, which came along with steadily high demand. Thanks to our early move to step up stock levels, we managed to effectively meet our customers' high demand in the first three quarters. In the fourth quarter, though, the supply situation worsened even more, impacting our growth figures. Nevertheless, we achieved very significant earnings growth in 2021.

ORDER POSITION

Orders on hand reach historic high. 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, usually 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.

In the reporting period, incoming orders amounted to €6,852 million, about 16 per cent more than in the prior year (€5,907 million). This figure comprises an increase in incoming orders from €3,893 million to €4,336 million in the IT System House & Managed Services segment and from €2,014 million to €2,516 million in the IT E-Commerce segment.

As of the end of the year, the group's orders on hand reached a historic high of €1,805 million. Year-on-year, this figure thus increased by about 80 per cent or €807 million. Of the total, the IT System House & Managed Services segment accounted for €1,249 million (prior year: €763 million), and the IT E-Commerce segment for €556 million (prior year: €235 million). The order backlog is about three months in the IT System House & Managed Services segment and about two and a half months in the E-Commerce segment.

CHANGED ACCOUNTING METHOD

Starting with the annual financial statements as of 31 December 2021, Bechtle changed the accounting method for the sale of standard software licences. In this annual report, Bechtle thus reports the revenue according to the new method. The company's business model as well as the relationships with our customers and partners remain unchanged.



See Notes,
Accounting Policies
page 156 ff

In the annual report 2020 and the half-year report 2021, Bechtle AG had already explained that there are different interpretations with regard to the presentation of revenue from the sale of software licences according to IFRS 15 (International Financial Reporting Standards).

Normally, a company accounts its revenue either as a principal or as an agent. While a principal presents the entire consideration as revenue, an agent merely presents the amount of the fee or commission received as consideration for the agency service.

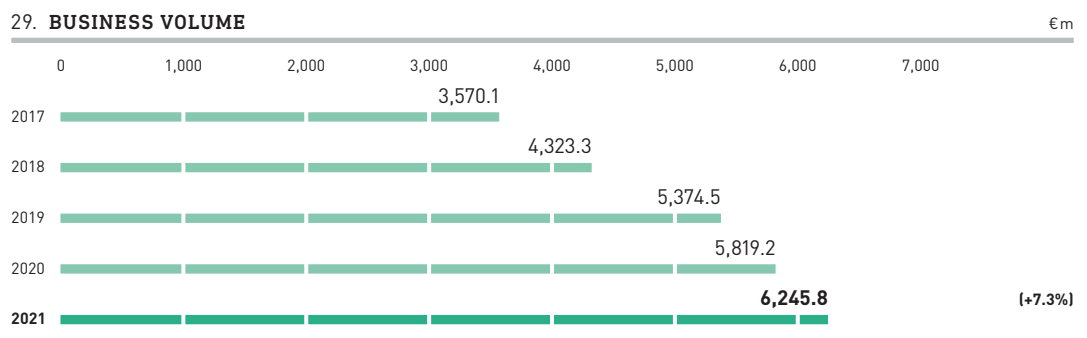
To clarify the situation, Bechtle has submitted an enquiry on this subject to the IFRS Interpretations Committee (IFRS IC). On 30 November 2021, the committee discussed this subject in a meeting and now clearly tends towards presentation "pro agent" ("net presentation"). A final decision is not expected earlier than the second quarter of 2022.

On the basis of the additional insight and the preliminary agenda decision of the IFRS IC, Bechtle has re-evaluated its previous discretionary decisions. When selling software licences, the company now regards itself predominantly as the agent and will reduce the revenue from this business by the respective costs. As the revenue and the cost of sales are reduced by the same amount, the gross profit will not change in the consolidated income statement. As the revenue is reduced while gross earnings remain the same, all margins calculated in relation to the revenue will go up correspondingly.

BUSINESS VOLUME

The business volume is a new alternative performance measure (APM) introduced by Bechtle in the course of the change of the accounting method. This APM describes the proceeds according to the former accounting logic without the change of the accounting method regarding software licences.

In the fiscal year, the business volume amounted to €6,245.8 million, 7.3 per cent more than in the prior year (€5,819.2 million).

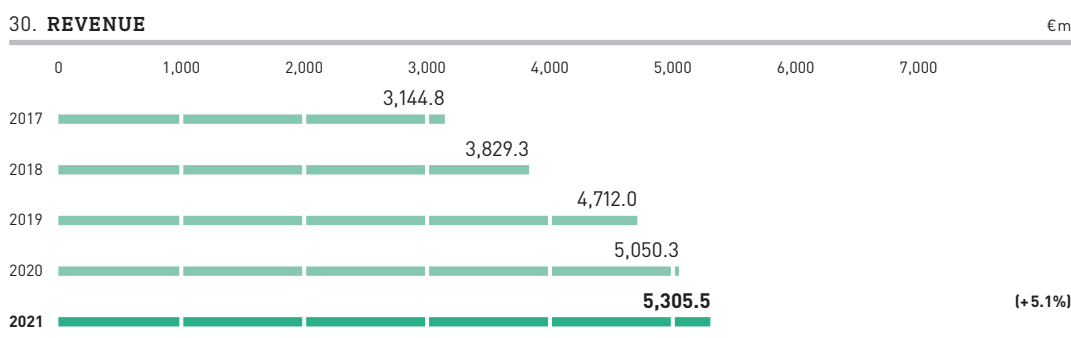


REVENUE PERFORMANCE

Significant revenue growth. In 2021, the revenue growth was affected by the global supply problems. As we had stepped up our stock levels at an early stage, we were able to meet most of the great demand for IT products in the first three quarters. In the fourth quarter, however, the situation worsened, resulting in a greater impact of the supply issues on our growth figures. In the reporting period, the revenue increased by 5.1 per cent from €5,050.3 million to €5,305.5 million. The main reason for the obvious difference from the business volume growth (+7.3 per cent) was the highly positive performance of our Bechtle Clouds company, whose revenue growth was much higher than that of the group as a whole. According to the new accounting method, we classify the major part of the company's business as that of an agent, which means that we can no longer present it in full under revenue. Organically, the revenue growth amounted to 4.5 per cent.



See Notes,
Revenues,
page 172 f



The development in the regions and segments was varied. With an increase of 14.5 per cent, the IT E-Commerce segment was the main growth driver in the reporting period. The IT System House & Managed Services segment increased its revenue by 0.4 per cent.

Compared to the revenue increase of 2.9 per cent in Germany, the revenue abroad underwent a much higher increase of 9.0 per cent. Apart from the strong performance of our international e-commerce business, the different benchmark figures in the prior year were another factor that contributed to these diverging developments. The organic growth amounted to 2.6 per cent in Germany and 8.0 per cent abroad. The domestic share in the total revenue amounted to 63.2 per cent, slightly less than in the prior year (64.6 per cent). The revenue share generated abroad thus amounted to 36.8 per cent (prior year: 35.4 per cent). Accordingly, Germany remains Bechtle's largest market.

As of this annual report, we calculate the revenue per employee differently. From now on, we calculate this figure on the basis of full-time equivalents (FTE). The average number of FTEs (without absentees and apprentices) went up 5.1 per cent, a rate similar to that of the revenue growth. Accordingly, the revenue per employee remained virtually unchanged; based on an average of 11,162 FTEs (prior year: 10,622), this figure amounted to €475 thousand (prior year: €476 thousand).

COST AND EARNINGS PERFORMANCE



See Notes.
Expense structure,
page 173

EBT grow faster than revenue.

Cost of sales. In 2021, gross earnings went up overproportionate by 7.4 per cent, from €856.6 million in the prior year to €920.0 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 4.6 per cent. Against the backdrop of the supply chain issues and the therefore changed product mix, this was due especially to the disproportionately low increase in material costs, which merely went up by 4.2 per cent. The gross margin in the reporting period was 17.3 per cent, after 17.0 per cent in the prior year.

31. COST OF SALES/GROSS EARNINGS

		2021	2020	2019	2018	2017
Cost of sales	€m	4,385.5	4,193.8	3,944.2	3,186.4	2,601.0
Gross earnings	€m	920.0	856.5	767.8	642.9	543.8
Gross margin	%	17.3	17.0	16.3	16.8	17.3



See People at Bechtle,
page 67

Distribution costs and administrative expenses. The expenses in the functional areas sales and administration developed differently. In the fiscal year, distribution costs underwent above-average growth of 8.1 per cent to €345.2 million, from €319.2 million in the prior year. The distribution cost ratio thus increased slightly from 6.3 per cent to 6.5 per cent. This was due to the changed allocation of employees to the respective functional areas. Administrative expenses declined by 1.4 per cent from €286.5 million to €282.6 million. Accordingly, the administrative expense ratio decreased from 5.7 per cent to 5.3 per cent. Apart from the changed distribution of employees, this figure also clearly reflects the 16.4 per cent drop in other operating expenses. This was due especially to special effects in the non-operating expenses. In the prior year, the recognition of impairment of trade receivables had resulted in higher non-operating expenses. In the reporting period, the input was accordingly lower. Other operating income increased by 28.3 per cent from €26.1 million to €33.6 million. This development occurred especially due to the deconsolidation of PSB IT-Service GmbH and higher marketing grants.

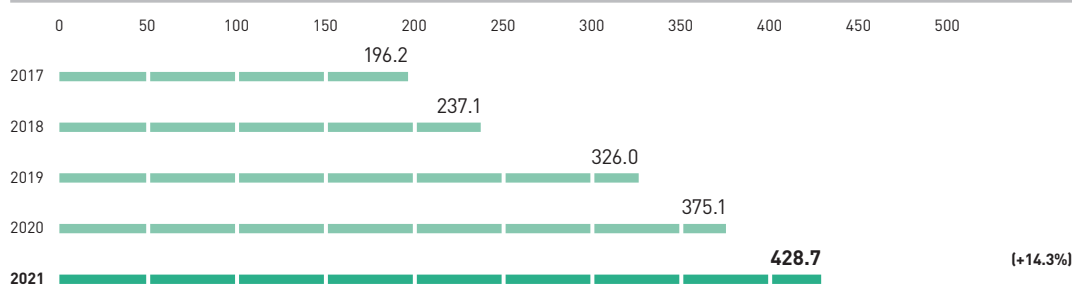
32. DISTRIBUTION COSTS/ADMINISTRATIVE EXPENSES

		2021	2020	2019	2018	2017
Distribution costs	€m	345.2	319.2	306.6	257.2	216.0
Distribution cost ratio	%	6.5	6.3	6.5	6.7	6.9
Administrative expenses	€m	282.6	286.5	249.6	205.7	173.4
Administrative expense ratio	%	5.3	5.7	5.3	5.4	5.5

Earnings. EBITDA stands for earnings before interest, taxes, depreciation and amortisation. In the reporting period, EBITDA improved by 14.3 per cent to €428.7 million (prior year: €375.1 million). The EBITDA margin thus went up from 7.4 per cent in the prior year to 8.1 per cent in the year under review.

33. EBITDA

€m



Depreciation and amortisation increased 5.0 per cent, from €98.1 million in the prior year to €103.0 million in the year under review. As usual, property, plant and equipment accounted for the bulk of this figure, totalling €87.5 million, compared to €82.3 million in the prior year. Amortisation of the customer base and customer service agreements underwent a slight decline.

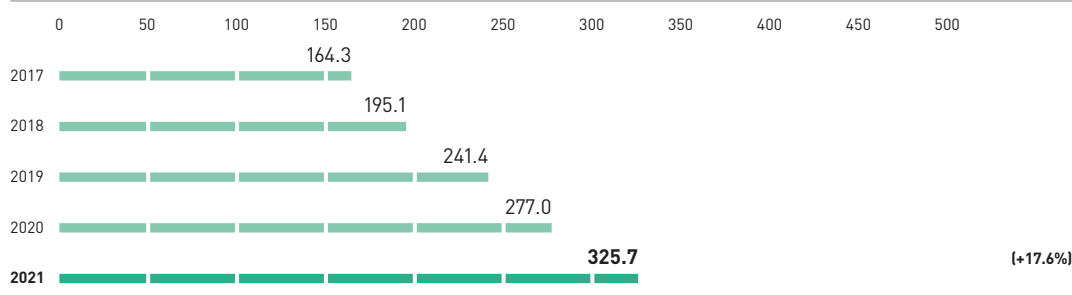


See Value information,
page 103

Earnings before interest and taxes (EBIT) went up by 17.6 per cent to €325.7 million, after €277.0 million in the prior year. The EBIT margin underwent a significant increase from 5.5 per cent in the prior year to 6.1 per cent in the year under review.

34. EBIT

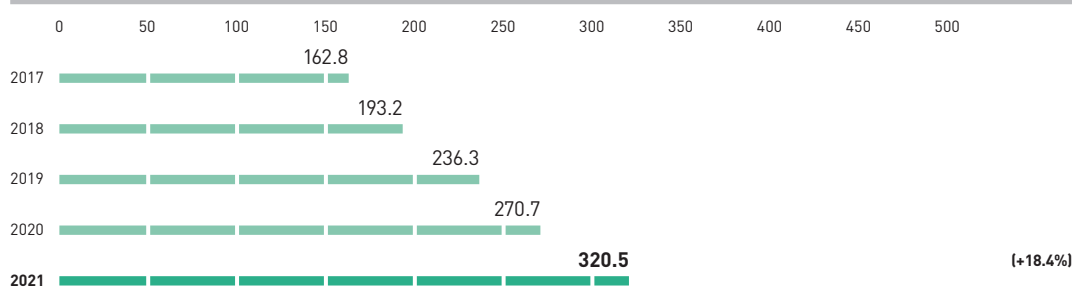
€m



Earnings before taxes (EBT) increased 18.4 per cent to €320.5 million, compared to €270.7 million in the prior year.

35. EBT

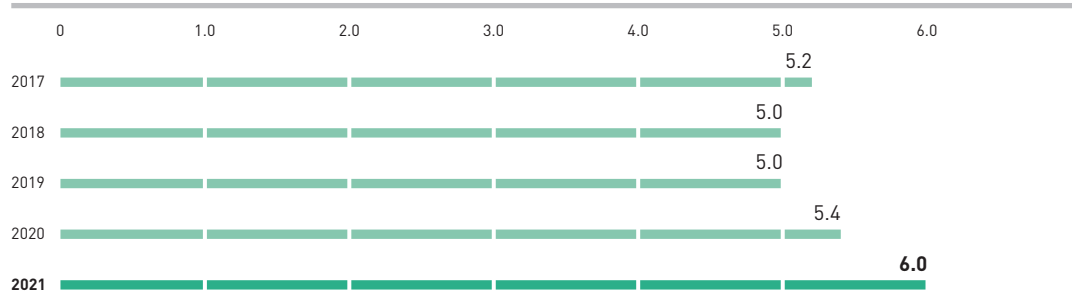
€m



The EBT margin also improved considerably from 5.4 per cent to 6.0 per cent in the reporting period.

36. EBT MARGIN

%



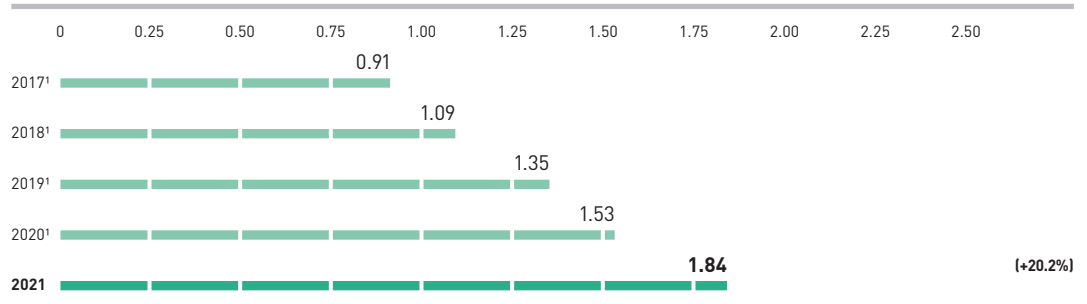
See Notes,
Income taxes,
page 174 f

In the reporting period, income tax expenses increased 13.9 per cent to €89.1 million (prior year: €78.2 million). The tax rate declined slightly from 28.9 per cent to 27.8 per cent.

Earnings after taxes amounted to €231.4 million, 20.2 per cent more than in the prior year (€192.5 million). Earnings per share amounted to €1.84, compared to €1.53 in the prior year.

37. EPS

€



¹ Figures adapted to share split



See Dividend,
page 82

In view of this good performance, the Executive Board and the Supervisory Board propose to pay out a dividend of €0.55 (prior year: €0.45; adapted to 2021 share split) to the Bechtle shareholders for the 2021 fiscal year. Compared to the prior year, the dividend would thus be 22.2 per cent higher, and the dividend payout ratio would amount to 29.9 per cent.

SEGMENT REPORT

IT E-Commerce makes up leeway.

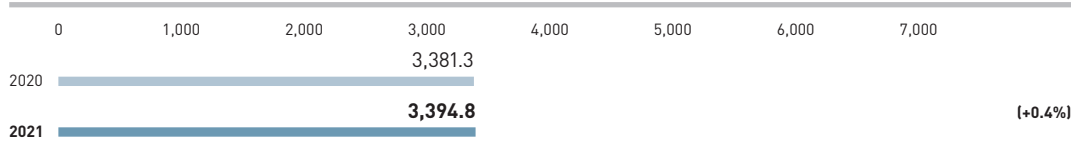
IT System House & Managed Services. In the reporting period, the revenue in the IT System House & Managed Services segment amounted to €3,394.8 million, after €3,381.3 million in the prior year, a growth of 0.4 per cent. The main reason for this low increase was the global supply bottleneck, which was much more noticeable in this area. Our customers in this segment often depend on products in the context of their project roadmap and are unable to find alternative solutions in the event of supply problems in individual areas of the projects. Moreover, the benchmark figures in the prior year had already been high. All in all, this segment accounted for 64.0 per cent of the total revenue (prior year: 67.0 per cent).



See Notes,
Segment information,
page 209 ff

38. SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES

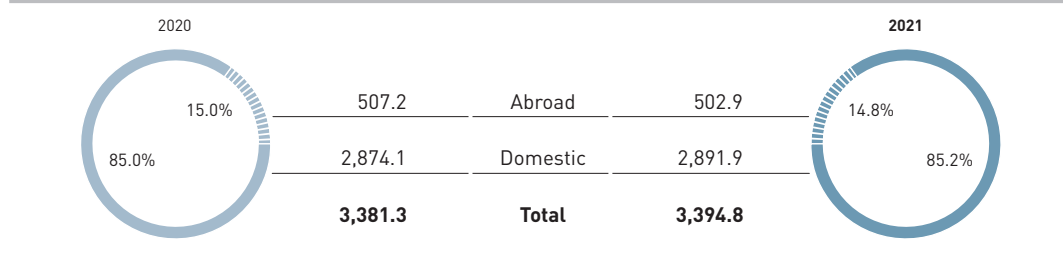
€ m



The companies in Germany increased their revenue by 0.6 per cent from €2,874.1 million to €2,891.9 million. The organic growth rate was 0.3 per cent. The companies abroad recorded a slight revenue decline of -0.8 per cent. Their revenue thus dropped from €507.2 million to €502.9 million. The organic growth rate abroad was -4.4 per cent.

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

€ m



Based on an average of 8,751 (prior year: 8,351) FTEs (without absentees and apprentices), the revenue per employee in the reporting period amounted to €388 thousand (prior year: €405 thousand).

In 2021, EBIT in the IT System House & Managed Services segment climbed 18.3 per cent to €212.2 million (prior year: €179.5 million). The EBIT margin improved from 5.3 per cent in the prior year to 6.3 per cent in the reporting period. This item benefited especially from the deconsolidation of PSB IT-Service GmbH and the travel and entertainment cost savings.

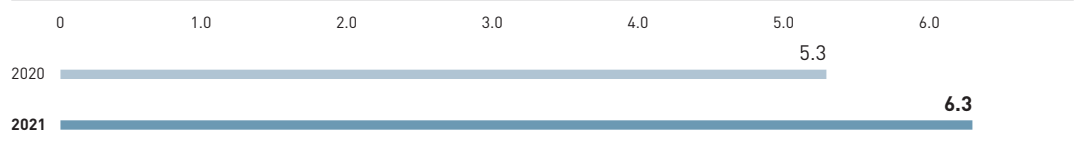
40. EBIT IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

€ m



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

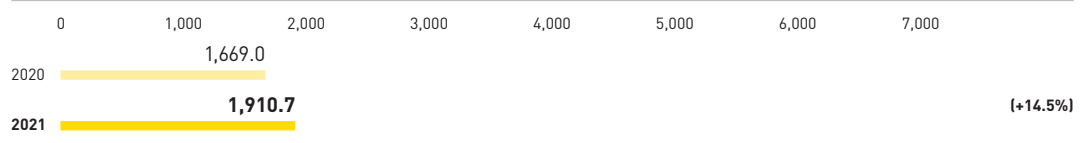
%



IT E-Commerce. In 2021, the IT E-Commerce segment generated revenue of €1,910.7 million (prior year: €1,669.0 million). This means a strong revenue increase of 14.5 per cent. The organic growth rates were the same. At the bottom line, the segment accounted for 36.0 per cent of the total revenue (prior year: 33.0 per cent).

42. SEGMENT REVENUE IT E-COMMERCE

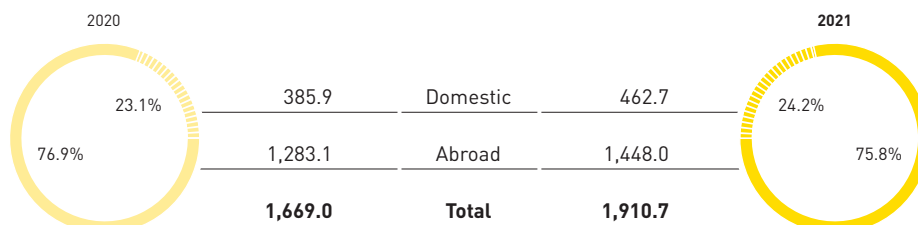
€ m



The revenue of the companies in Germany climbed from €385.9 million in the prior year to €462.7 million, a very strong growth of 19.9 per cent. Following the difficulties associated with the COVID-19 restrictions in the prior year, the companies abroad again achieved significant revenue growth of 12.8 per cent. In these companies, the revenue went up from €1,283.1 million to €1,448.0 million.

43. REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT

€m

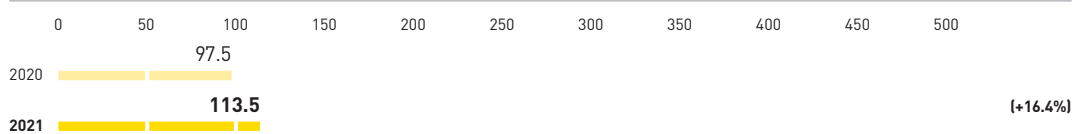


Based on an average of 2,411 (prior year: 2,271) FTEs (without absentees and apprentices), the revenue per employee in 2021 amounted to €793 thousand (prior year: €735 thousand).

In the reporting period, EBIT in the IT E-Commerce segment climbed 16.4 per cent to €113.5 million (prior year: €97.5 million). Year-on-year, the EBIT margin improved from 5.8 per cent to 5.9 per cent.

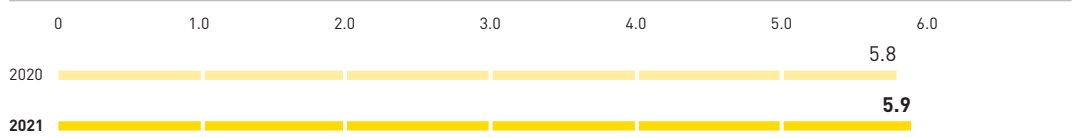
44. EBIT IN THE IT E-COMMERCE SEGMENT

€m



45. 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 face of the difficult framework conditions in the reporting period. Moreover, despite the high stock levels, the development of the working capital was slightly below to that of the business volume, which demonstrates our successful working capital management. We further increased our equity ratio and boast an outstandingly comfortable liquidity situation. For the first time since 2018, we are to all intents and purposes debt-free again.



See
Business volume,
page 92

To the extent that we calculate structural indicators in connection with the asset situation or working capital, we use the business volume as a reference value. The business volume includes the business transactions actually invoiced to customers according to the previous accounting logic, which were reflected in the balance sheet items (especially trade receivables and payables).



For the assets
position of the segments,
see Notes,
page 212

Balance sheet remains strong. In the reporting period, the balance sheet total of the Bechtle Group climbed to €3,019.8 million, an increase of 12.4 per cent.

46. CONDENSED BALANCE SHEET

	€m				
	2021	2020	2019	2018	2017
Assets					
Non-current assets	984.2	958.9	846.4	659.3	415.2
Current assets	2,035.6	1,728.2	1,548.3	1,367.9	1,028.2
Equity and liabilities					
Equity	1,353.1	1,162.0	1,014.8	883.2	777.3
Non-current liabilities	499.5	599.9	566.7	464.9	127.3
Current liabilities	1,167.1	925.2	813.1	679.1	538.8
Balance sheet total	3,019.8	2,687.1	2,394.7	2,027.2	1,443.4

On the assets side, non-current assets merely increased by 2.6 per cent to €984.2 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 4.8 per cent or €21.3 million to €469.7 million, due mainly to acquisitions. As a result of acquisitions and investments, property, plant and equipment climbed by €15.7 million or 4.8 per cent to €342.9 million.

At €58.4 million, the amount spent on investments was slightly lower than in the prior year (€66.2 million). The investment ratio decreased from 18.8 per cent to 15.7 per cent.

As of the reporting date of 31 December 2021, the capitalisation ratio dropped to 32.6 per cent (prior year: 35.7 per cent). The coverage of the non-current assets by the equity improved greatly, from 121.2 per cent in the prior year to 137.5 per cent in the reporting period.

Sufficient liquidity to secure the future. Current assets increased 17.8 per cent to €2,035.6 million. Inventories skyrocketed by 70.3 per cent or €212.2 million, due mainly to the global supply difficulties. Most of the inventories are project-specific goods that have not yet been shipped because of missing components of overall orders. To maximise the availability for customers, Bechtle was also quick to increase its free stock levels. Trade receivables again developed at a below-average level, increasing by €51.6 million or 5.9 per cent to €928.7 million. Days sales outstanding (DSO) underwent a slight increase in the reporting period from 40.0 days to 40.9 days.

Cash and cash equivalents went up €68.6 million to €431.8 million. Bechtle thus has sufficient funds to finance both its further growth as well as acquisitions. Additionally, Bechtle has a liquidity reserve of €148.6 million in the form of unused cash credit lines and guarantee credit lines.

The working capital rose by 6.3 per cent to €693.7 million. In relation to the business volume, the figure decreased slightly from 11.2 per cent to 11.1 per cent. The surge in inventories was compensated by the increase in trade payables.

47. WORKING CAPITAL

		2021	2020	2019	2018	2017
Working capital	€m	693.7	652.7	647.7	580.8	492.9
In % of business volume		11.1	11.2	12.1	13.4	13.8

On the equity and liabilities side, current liabilities increased by €241.9 million or 26.1 per cent to €1,167.1 million. For reasons related to the reporting date, especially the trade payables went up by €187.4 million or 44.0 per cent to €613.2 million. Contract liabilities increased by €31.0 million to €161.6 million. For reasons related to the reporting date, financial liabilities increased by €15.6 million to €34.5 million.

As of the reporting date, non-current liabilities amounted to €499.5 million, 16.7 per cent less than in the prior year. Financial liabilities, in particular, decreased by €82.6 million to €310.9 million due to premature repayment and residual terms of less than twelve months. Furthermore, as a result of changed calculation parameters and especially a positive development of the plan assets, pension provisions also declined to €13.0 million, a year-on-year drop of €18.0 million. The share of non-current liabilities in the balance sheet total decreased from 22.3 per cent to 16.5 per cent.



Very comfortable equity ratio. In the reporting period, the equity grew 16.4 per cent to €1,353.1 million. This was due to the increase of €191.1 million in retained earnings. The equity ratio went up from 43.2 per cent to 44.8 per cent. Return on equity went up from 19.5 per cent in the prior year to 20.4 per cent in the year under review.

48. RETURN ON EQUITY AND RETURN ON TOTAL ASSETS					%
	2021	2020	2019	2018	2017
Return on equity	20.4	19.5	19.8	18.1	16.9
Return on total assets	9.0	8.3	8.5	9.1	9.6

As of 31 December 2021, the debt ratio dropped from 131.2 per cent to 123.2 per cent. The net debt underwent a further substantial decline from €9.3 million to –€86.3 million. The liquidity again surpassed the total financial liabilities, i.e. Bechtle is, to all intents and purposes, debt-free.

In the reporting period, the return on assets – which indicates the return on the entire utilised capital – went up from 8.3 per cent to 9.0 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 22.2 per cent (prior year: 19.8 per cent).

49. ROCE/CAPITAL EMPLOYED

		2021	2020	2019	2018	2017
ROCE	%	22.2	19.8	18.7	20.6	22.3
Capital employed	€m	1,469.6	1,395.4	1,288.7	948.2	738.0

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, which is subject to 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 200 ff



Conservative accounting



For value in use of
the goodwill, see Notes,
page 176 f



Bechtle's financial strength and resilience give our employees security and enable them to work towards personal and business goals independently.

Wencke Mehner, Team Leader
Compliance, Systemhaus Hamburg

Katharina Sadowski,
Fleet Management, Bechtle Mobility

Liza Drescher, Assistant to the
Branch Manager, Systemhaus Kiel

From left to right

FINANCIAL POSITION

Despite the necessary increase in inventories, the cash flow remained high in 2021. The free cash flow even underwent further improvement. In view of the prevalent supply difficulties, this is a remarkable achievement that underlines the positive effects of our cash flow and working capital management. The implemented management systems and measures ensure the balance between dynamic, profitable growth and the required capital commitment.

CASH FLOW STATEMENT



See Assets position,
page 100 f

Cash flow remains at high level. In 2021, the cash inflow from operating activities amounted to €284.5 million, a figure below that of the prior year (€317.5 million¹). This development is mainly attributable to the changes in net assets. This item was affected by the cash outflow for inventories, which was €198.7 million higher. Most of the inventories are project-specific goods that have not yet been delivered because of missing components of overall orders. At the same time, however, the cash inflow from trade liabilities also went up €151.6 million to €175.4 million. This effectively balanced the cash outflow for inventories. At €44.4 million, the cash outflow from trade receivables remained at a level similar to that of the prior year.



See Notes,
page 198 f

The cash outflow from investing activities amounted to €42.9 million, compared to €146.5 million in the prior year. This is attributable not only to the lower outflow for acquisitions, which amounted to –€15.8 million in the reporting period (prior year: –€59.7 million), but also to the inflow from the sale of time deposits and securities and from the repayment of non-current assets in the amount of €40.0 million.

The cash flow from financing activities amounted to –€179.4 million, a significant amount of €100.6 million above the prior-year figure¹. The outflow for the repayment of financial liabilities went up by €30.3 million to –€72.9 million. This item was also affected by the lower inflow from the assumption of financial liabilities and the dividend payout, which was increased for the 11th time in a row.

The free cash flow further improved. In the reporting period, it amounted to €218.6 million (prior year: €204.1 million¹). This was due to the persistently very high operating cash flow along with a lower outflow for acquisitions and investments.

¹ Prior-year figure adjusted

50. CASH FLOW

€ m

	2021	2020	2019	2018	2017
Cash flow from					
operating activities	284.5	317.5 ¹	186.0	140.5	54.3
investing activities	-42.9	-146.5	-72.1	-280.6	-62.7
financing activities	-179.4	-78.7 ¹	-89.7	221.4	33.6
Cash and cash equivalents	431.8	363.2	272.2	245.4	162.4
Free cash flow	218.6	204.1 ¹	109.5	-147.2	-24.1

¹ Prior-year figure adjusted

The main 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 interest rates would not have any major impact on the financial position.



See Notes,
page 195

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 222

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 effectively hedged. For example, the Rules of Procedure of the Executive Board prohibit any kind 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.



Financial independence
to secure the future

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 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 primarily 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.



See Notes,
page 165 f and
page 200 ff

In 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 2021, 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 44.8 per cent, the equity ratio remained at a very high level (prior year: 43.2 per cent). It forms the basis for our financial flexibility and independence. For instance, it enables us to make use of any acquisition opportunities that arise at short notice. Moreover, it enables us to respond to current circumstances in a timely and flexible manner – as we did by stepping up our stock levels due to the supply bottlenecks in the reporting period. In this way, we were able to continue to supply for a longer period than our competitors. Therefore, Bechtle holds its funds, in the amount of €431.8 million, in the form of cash and cash equivalents.

On 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. However, the supply difficulties intensified towards the end of the reporting period and are still present. At the same time, the demand for IT infrastructure and IT services remains high. The figures for 2021 deliver impressive evidence of Bechtle's economic strength and resilience even under unusual framework conditions.

It is extremely difficult to compare the actual business performance with the forecast. Both when the forecast was published in March 2021, and when it was corrected upwards in August 2021, we did not know that Bechtle would change its accounting method for the business with standard software as of 31 December 2021. As the forecast was based on different assumptions, it is difficult or even impossible to compare it with the figures now reported. The previous revenue forecast is now reflected in the alternative performance measure "business volume". EBT and the dividend can still be compared. All other figures, though, refer to the revenue and can therefore not be compared with the actual business performance. Nevertheless, the Notes feature a reconciliation that shows the figures according to the former accounting logic. This enables a comparison with the originally projected figures presented here.



See Notes,
page 171

51. COMPARISON OF THE ACTUAL AND PROJECTED BUSINESS PERFORMANCE

	Forecast AR 2020	Forecast increase in Q2 2021	Actual 2021	Comparison
Business volume (revenue according to former accounting logic)	Significant increase over 2020	Significant growth (high single-digit range)	Growth: 7.3%	Fulfilled
Revenue			Growth: 5.1%	
Cost of sales	Similar to revenue increase	–		
Gross margin	<15%	–		
Distribution cost ratio	About 6%	–		
Administrative expense ratio	About 5%	–		
EBT	Increase more or less parallels revenue increase	Very significant growth (>10%)	Growth: 18.4%	Fulfilled
EBT margin	At prior-year level	Above prior-year level (>4.7%)		
Dividend	Dividend payout ratio of about one third of the EAT	–	Dividend payout ratio: 29.9%	Fulfilled

OPPORTUNITY AND RISK REPORT

Successful entrepreneurship means the active enabling and leveraging of opportunities while limiting risks as best as possible. Every opportunity that is taken is also inextricably linked to a risk. Bechtle's opportunity and risk management provides the basis for identifying and duly assessing any opportunities for profitable growth as well as the associated risks at an early stage. 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



Precautionary principle



See
Vision and strategy,
page 56 ff

Our industry is currently undergoing more radical change than ever before. All the more reason: To engage in business operations and make use of opportunities, it is necessary to take risks. An important criterion for Bechtle's success is that, within the framework of the precautionary principle, Bechtle has established an efficient opportunity and risk management. We already record and assess many of opportunities in the context of the risk management system. Thus, all statements made below concerning risk management largely apply to 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, from their goals and from the Vision 2030. 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 risk management process also maps sustainability aspects. The main objective of the risk management is to effectively and proactively 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 Bechtle 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 Bechtle's corporate philosophy, sustainability strategy and governance guidelines.



Corporate philosophy
and values

ORGANISATION

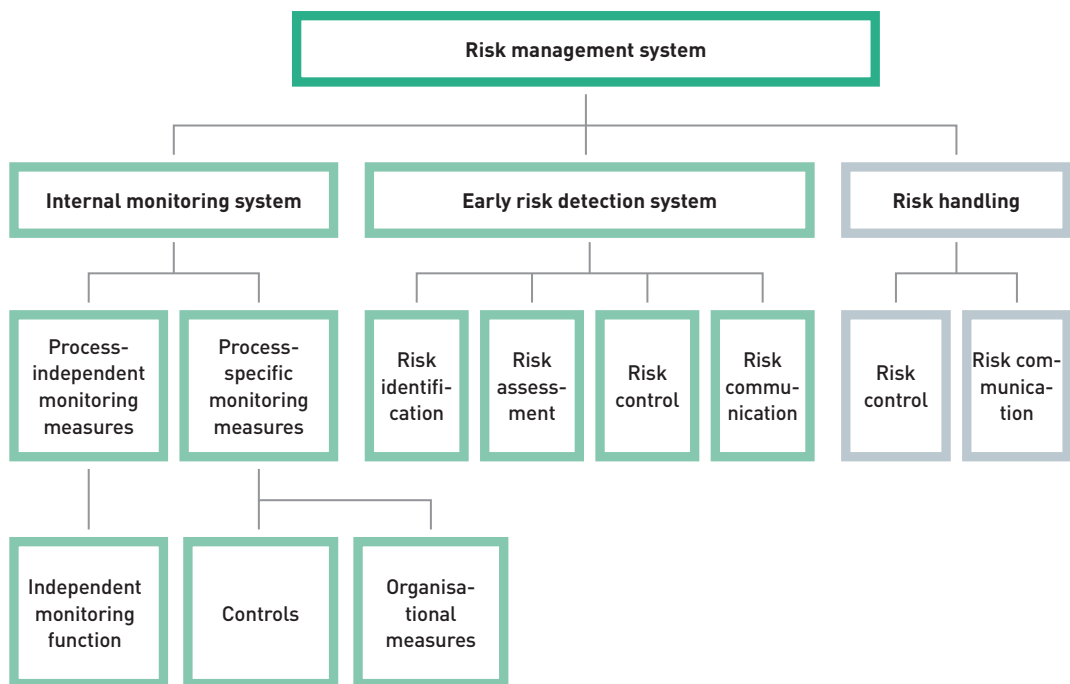
In line with the organisational structure of the Bechtle Group, the risk management clearly distinguishes between duties and responsibilities of the group holding/intermediate holdings and of the operational subsidiaries and individual management areas. Group controlling has established a reporting system 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 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 Bechtle AG. Compared to the prior year, the risk management organisation did not undergo any material changes.

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

■ **The early detection system:** Early detection systems are instruments that identify risks and opportunities of an enterprise early enough to enable reactions to ward off the risks and make use of opportunities. Early detection indicators enable the detection and analysis of latent risks over time. This requires systematic risk identification, risk assessment and risk communication. In this area, Bechtle benefits from the robust interaction of various supporting systems and instruments. The suitability of the early risk detection 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.

■ **The monitoring system:** At Bechtle AG, the internal monitoring system is responsible for monitoring the risk management system. It consists of process-independent and process-specific monitoring measures. Process-independent means that the respective monitoring entity is not integrated in the risk management process and is not responsible for its outcome. On the other hand, there are process-specific monitoring entities that are integrated in the risk management process. The process-independent monitoring entity audits the risk management system, is informed about significant changes, plans and regulations and may, if necessary, request additional information. The system audit takes place once a year. The risk management system is audited for correctness, appropriateness and efficiency on the basis of samples. At Bechtle AG, process-specific monitoring measures exist in the form of organisational security measures, such as functional separation and access restrictions, and controls. The latter are taken care of by the individual operational areas and the person responsible for the risk management.

52. RISK MANAGEMENT SYSTEM OF BECHTLE AG



Within the scope of the risk management, effective communication across all hierarchy levels is vital 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 Directors and strategy conferences, planning and individual meetings as well as round tables with the Executive Board are held in order to meet this need.

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. 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 that Bechtle AG is able to identify. Within the scope of a CSR risk assessment, this also includes any non-financial risks identified. 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 stakeholders 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, within the risk analysis, is positioned in 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. In the context of the risk assessment, Bechtle AG performed a net assessment of certain risks (risk assessment after initiation of specific measures) for the first time in the reporting period. For this process, lump-sum figures were used for main and individual risks. The net assessment serves as the basis for the calculation of the risk-bearing capacity, which was also performed for the first time in the reporting period. The risk-bearing capacity describes the financial potential of Bechtle AG to absorb any losses that may result from the occurrence of the identified business risks. The calculation showed that the share of the total risk position in the risk-bearing capacity merely amounts to 16 per cent.

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

In order to further optimise the risk control and to continually monitor the risk control measures, a new software application is used in the risk management system starting from the 2022 fiscal year.

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.



The company location close to the Hamburg port exemplifies Bechtle’s international makeup. In fact, the group as whole is steadily expanding its business abroad.

Jakob Radtke, Account Manager, System House Kiel

Alexander Bosdorf, Service & Project Management, System House Hamburg

Philipp Koch, Front Office Manager, System House Hamburg

From left to right

OPPORTUNITIES

MARKET AND COMPETITION



See
Competitive position,
page 53 f

Like all other players on the IT market, Bechtle AG, too, 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. In the reporting period, the European IT markets experienced continually high demand. However, due to the ongoing problems in the supply chains, it was often not possible to satisfy the high demand in due time. Bechtle had increased its stocks at an early stage in order to ensure product availability for customers for as long as possible.

The IT market is characterised by rapid technological innovation and relatively short product cycles. Due to advancing digitisation, information technology is becoming increasingly important. IT thus constitutes an integral part of corporate value creation and is a key success factor for nearly all enterprises. This has again become clearly evident under the pandemic conditions over the past two years. 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 also prefer cooperating with an experienced partner 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. Our product and service portfolio covers almost 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.



See
Vision and strategy,
page 56 ff

The IT system house market – especially in German-speaking regions – has been in a phase of intensive consolidation for several years, which Bechtle is making good use of. Thanks to our robust financial resources and good reputation, we have been able to complete more than 102 acquisitions since our company was founded, continuously strengthening our market position. In view of the progressive consolidation 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 in future, e.g. by means of acquisitions or by expanding the product and service spectrum. Against this background, Bechtle acquired two companies in the reporting period. The expansion of the M&A strategy delivers additional opportunity for growth through acquisitions. The option to acquire service providers (in the system house segment) even outside Germany, Austria and Switzerland also increases the growth potential in the respective countries.

he Bechtle Group occupies a leading competitive position in Germany and Europe. Bechtle's size enables the delivery of a comprehensive solution portfolio and ensures high product availability even in times of high demand – something many competitors are unable to do. This is highly appreciated by many customers. We are also greatly appreciated especially by our vendor partners. This was clearly evident in the reporting period, during which the availability of products became the most important purchasing criterion. Thanks to the excellent relationships Bechtle enjoys with all major vendors and distributors, it outperformed many competitors in terms of product availability. 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

Bechtle has a broadly 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. This is another reason why Bechtle plans on acquiring additional companies in the system house business even outside Germany, Austria and Switzerland. Once again, the impact of the COVID-19 pandemic on the IT markets and on the customer demand has demonstrated that Bechtle's business model is more stable and balanced in markets in which we are represented with both segments.



See chart
Industry segmentation,
page 53

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; the share in the reporting period and in the prior year was even higher. 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. The past two years have confirmed 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. The digitisation trend, which was only triggered by the pandemic in many areas, has further increased the opportunities for further successful business in this customer segment.

In the IT System House & Managed Services segment, Bechtle currently addresses the markets in Germany, Austria and Switzerland with a dense network of more than 80 system houses. 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 51ff

In the IT E-Commerce segment, we are active in 14 European countries. In the coming years, Bechtle wants to continue to develop through systematic acquisitions and, most importantly, through organic growth, especially in existing locations. A key step in this area was the consolidation of the Bechtle direct and ARP brands under the Bechtle direct brand in Germany, Austria, Switzerland, France and Belgium as of 1 January 2022. Moreover, 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 an unparalleled offering both through its European subsidiaries and through the Global IT Alliance (GITA), 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.

VENDORS AND DISTRIBUTORS



Long-standing
partnerships

Bechtle AG maintains close partnerships with all major vendors and distributors in the IT industry and the majority of the certifications have the highest partner status. In line with our sustainability strategy and the Bechtle Code of Conduct, we treat our partners and vendors in a respectful and cooperative manner. We communicate intensively with our strategic partners, we regularly coordinate our alignment and we further develop our business model. 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. The great importance of these partnerships is evident especially in view of the special circumstances of the 2021 fiscal year.

To promote the strategic collaboration with key vendors, Bechtle employs Vendor Integrated Product Managers (VIPM), who know and promote the interests of the vendors as well as those of Bechtle. The advantage of VIPMs is that vendor information is forwarded to the responsible procurement, sales and service staff without delay in a centralised and target-oriented manner. This enables Bechtle to offer its customers a portfolio of services that always reflects the state of the art. 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 the availability of the goods and enhances the attractiveness of Bechtle among other distributors and vendors. In addition, it gives our company the opportunity to further increase its efficiency and optimise its costs.

SERVICE RANGE

Enterprise customers often expect their IT providers to deliver complete solutions from one source. With its combination of trading and services and its blend of project, managed services and financing business within the services, Bechtle is a genuine one-stop provider and as such well prepared to benefit from this trend. Moreover, Bechtle has duly positioned itself through acquisitions, strategic alliances and competence centres especially tuned to market demand and trends, and by hiring and retaining qualified staff. We intend to continue to develop along these lines in future.



See Business segments,
page 48 ff

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 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 to 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 its 38 years of experience and advanced solution expertise, Bechtle also scores with 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.

For many years, we have been selling own-brand peripheral products under the name ARTICONA. For this purpose, the Bechtle Group has its own purchasing company in Taiwan. ARTICONA is available to all companies of the Bechtle Group. The portfolio comprises IT accessories and connectivity products. In this way, all customers of the Bechtle Group benefit from the excellent value for money of the ARTICONA products, which also results in higher profitability.



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 a proprietary 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 allows us to benefit from the growing demand for cloud services.

Bechtle helps its customers with the growing demand for cloud services. In this area, Bechtle's teams also benefit from the long-standing close relationships with vendor partners.

Niklas Jäger, Team Lead
M365 Consulting,
Management & Security,
System House Hamburg

Maximilian Gebauer, Team Lead
Process & Infrastructure,
System House Hamburg

From left to right



Industry 4.0 and digitisation in general 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, it will be essential for most companies to have a competent IT partner at their side who can be entrusted with various IT responsibilities.

COMPANY ORGANISATION

With more than 80 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 the often medium-sized customers at eye level and at the same time – at the aggregate group level and via the e-commerce companies that operate on a country-wide basis – 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 63

By expanding the system house activities to countries outside Germany, Austria and Switzerland, the Bechtle Group enjoys the same opportunities in the respective countries as well as additional growth potential.

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.

PERSONNEL



See People at Bechtle,
page 66 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 to retain existing staff for the long term. In the reporting period, we comprehensively revised our employer branding in order to be able to operate successfully in this area in the future as well.



See Forecast report,
page 134 ff

When it comes to recruiting employees, the shortage of skilled workers poses a challenge for Bechtle. However, the limited availability of qualified people could also create opportunities, e.g. if the company manages to train a sufficient number of skilled employees and is thus able to meet its needs by means of its own initiatives. Apprenticeships are therefore a key focus of Bechtle's HR work. We plan on stepping up our training ratio in Germany to about 10 per cent by 2030. 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 headcount is constantly growing, and our turnover rate of less than 10 per cent is below the industry average, indicating that Bechtle is successfully taking advantage of recruitment and employee-retention opportunities.

In the reporting period, Bechtle completed a group-wide employee-satisfaction survey. The results are to be taken into consideration in the future HR work and in the further development of the employer branding. The survey is to be conducted every two years.

SUSTAINABILITY



bechtle.com/sustainability

As a trading service provider, it may appear as though Bechtle would not be affected by sustainability topics as much as, for example, manufacturing companies. Nevertheless, Bechtle's business model offers various leverage points for meeting the social responsibility as a company. In the reporting period, Bechtle published the Sustainability Strategy 2030. In it, we cite four central fields of action in which we are active as a company. Additionally, we supplement these activities with goals that we intend to reach by 2030.

The subject of sustainability is gaining in importance – not only in the social discourse. Bechtle's activities in this area are increasingly in demand from customers and a growing number of investors, too. And last but not least, young people and thus new employees often choose their future employer on the basis of whether the respective company meets its social responsibility.



Bechtle has been publishing sustainability reports since 2015. This early positioning and the current reinforcement of our commitment in the Sustainability Strategy 2030 delivers opportunities in the fields of customer acquisition, optimisation of the employer branding and investor relations.

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. Apart from the risks that impact the earnings, assets and financial position, Bechtle also examines non-financial risks. Currently, we consider these risks to be insignificant.



The COVID-19 pandemic affected the reporting period of 2021 in many areas. In this connection, new risk scenarios arose, and scenarios that had already emerged in the prior year materialised. However, with regard to Bechtle AG, it has become apparent that – as in the previous year – we were not nearly as strongly affected by the effects of the pandemic as other companies or industries. For many companies and public institutions, IT provided a way out of the hardships caused by the pandemic. Therefore, the willingness to invest remained high. In this way, the pandemic showed itself to be more an opportunity than a risk to Bechtle. Thus, Bechtle only experienced many of the pandemic-related risks to a lesser extent or not at all. Therefore, this risk report merely describes the immediate coronavirus-related risks that Bechtle AG was exposed to as of the reporting date.

RISK ASSESSMENT



See Risk identification and assessment, page 112f

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.

53. RISK POTENTIAL PROBABILITY OF OCCURRENCE

Probability of occurrence	Description
High	Highly probable
Medium	Probable
Low	Improbable

54. 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

55. 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, our customers' willingness 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 worse, decreasing economic activity involves risks to the earnings, assets and financial position of the Bechtle Group.

Though the COVID-19 pandemic continued to affect the macroeconomic framework conditions in the reporting period, the impact was not as severe as in the prior year. The growth rates of the gross domestic product rebounded in Europe. Bechtle's business operations remained largely unscathed by the pandemic and the associated restrictions. The general situation – not only on the IT market – was dominated by the global supply bottlenecks and the chip and semiconductor shortage. As a result, it was not always possible to meet the demand within the desired time frame. At the same time, customer demand for IT products and services remained good, and this remains the case. All in all, the IT market proved to be rather resilient despite these challenging framework conditions. Owing to the excellent networks and partner relationships with all major vendors and distributors, we were able to continue to offer products to our customers for a longer period than other competitors. Nevertheless, we need to keep an eye both on the course of the pandemic and on the developments in connection with the global supply problems, as an unexpected protraction of these events could result in a macroeconomic downturn.

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

As already mentioned, the impact of the COVID-19 pandemic on Bechtle is less severe than on other companies. We regard the risk of impairment of our business operations by the pandemic and the measures taken to curb it as a medium risk.

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 economic activity or a reduced willingness to invest on the part of customers, the company can only reduce functional costs to a certain extent in the medium term without significantly modifying the employment situation, e.g. by means of short-time work or by taking advantage 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 the retention of qualified staff. In the reporting period, Bechtle's headcount increase was not as dynamic as in other years. This was due to the high level of uncertainty given the extremely demanding framework conditions. Thus, Bechtle was able to counteract the risk of a disproportionately high increase in personnel expenses to a certain extent.



See
Personnel expenses,
page 67f



See
Opportunities,
Personnel,
page 120

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 fill 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, by perpetuating its long-standing emphasis on training measures and by focusing more intensively on the employees and their qualifications in the context of acquisitions.

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 116 f

Procurement. Bechtle buys its products from all renowned IT vendors and distributors. Across Europe, the company cooperates with 270 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 earnings and margins 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.

Traditionally, the vendors on the IT market have always cooperated with partner companies like Bechtle in order to boost their market share. 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 targets by means of 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. In this way, Bechtle learns of new developments at the vendors at an early stage and is able to duly respond.

We consider the risks from the vendors' terms of sale to be high. 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.

In the reporting period, another procurement risk occurred, which had been rather unknown to the IT market until then: global problems in the supply chain. Initially, these problems had been triggered by the shortage of semiconductors and panels for IT products. This issue was exacerbated by shipping problems due to the lack of containers in the ports of the manufacturing countries, the temporary closure of these parts due to local COVID-19 measures and the lack of primary products from countries under lockdown. At the same time, global demand for IT products was extremely high. This resulted in supply bottlenecks. Standard delivery times rose from 24 hours to several weeks and months. The deferred generation of revenue could have a negative effect on IT companies growth rate and revenue volume. To counteract this risk, Bechtle was quick to increase its stock levels in order to continue be able to offer its customers products for as long as possible. For a long time, the above-mentioned excellent relationships with key vendors in the IT market helped us to prevent a major impact of the supply problems on Bechtle's business figures. Unfortunately, however, the situation worsened towards the end of 2021, and even Bechtle suffered a slowdown in its growth rate, which may continue to be felt in the current year.

We consider the occurrence of risks from global supply problems 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.

As already mentioned, one of the measures to counteract the risks from the supply problems was to increase the stock levels. Of course, this measure, too, involves a risk, especially in connection with the costs for additional storage capacities, higher logistics management expenses and an increased capital commitment. However, thanks to the continually high demand and since the availability of products is a key purchase criterion on the part of customers, this risk is tolerable.

Nevertheless, we consider the occurrence of the risks from the increase of stock levels to be probable, and we would expect this to have a significant impact on the earnings, assets and financial position. We consider this risk to be high.

In some cases, Bechtle undertakes to supply customers under framework agreements. Due to the global supply problems, Bechtle might not be able to fulfil its contractual obligations or at least not within the required time frame. As a result, customers of Bechtle could demand the payment of contractual penalties. In the reporting period, there were only a few cases in which contractual penalties had to be discussed with customers. Most customers are aware of the situation in the global supply chain and know that Bechtle is not to blame. Nevertheless, if the supply problems persist for a longer period of time, this could increasingly bring this issue to the fore.

We consider the risks from the payment of contractual penalties to be high. We consider the occurrence of this risk to be highly probable. In the event of the occurrence of these risks, we would expect significant detrimental effects on the earnings, assets and financial position.



See
Service spectrum
and Processes,
page 53

Service spectrum. 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. Large customers, in particular, are already cared for directly by some vendors. Some distributors also endeavour to acquire 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. Moreover, providers who used to operate exclusively in the private customer business are increasingly making efforts to gain a foothold in the business customer segment. 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 larger medium-sized enterprises – which is the core target customer group – both in terms of customer approach and loyalty as well as with respect to the delivery and provision 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. By consistently focusing on efficient sales teams, Bechtle intends to maintain its competitive edge, thereby reducing the risk of new competitors penetrating 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 their occurrence. These risks are considered to be high.

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 profitability and growth of Bechtle AG.

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 considered to be high.

Customers. Bechtle mainly concentrates on larger medium-sized customers. At present, the company has more than 70,000 customers. In recent years, Bechtle has also been successful in the business with larger customers, especially also in the field of public-sector clients. The loss of such a customer could affect not only the individual local Bechtle company, but also the Bechtle Group as a whole. Bechtle counteracts this risk by applying the principle of close personal customer care and optimum performance in all customer relationships.

Nevertheless, we consider such a risk to be high. Although the probability of occurrence is only medium, we consider the impact on our earnings, assets and financial position to be significant.

IT. Nowadays, all companies depend on information technology. Due to the extensive digitalisation, all key business processes at Bechtle are closely linked to IT systems and applications. The use of IT involves various risks in areas such as e-commerce shop systems, order processing, ERP, controlling, financial accounting, collaboration and telephony applications. For example, a smooth process ranging from the enquiry and order placement to the delivery and invoicing could face an availability risk if the operability of the required IT systems and applications is no longer guaranteed. Potential causes include the malfunction of infrastructure components, energy or telecommunications outages, disruptions or faults at partners or software providers and operating errors.



Like many other Bechtle IT system houses, the location in Hamburg is also staffed with specialists. The HanseVision subsidiary focuses on automated business processes and Microsoft solutions.

Mario Hubert, Account Manager, Systemhaus Hamburg

Markus Etzel, Team Lead Unified Communications, HanseVision

Lena Lemke, Back Office Manager, Office & Travel Management, HanseVision

Within the internal IT, Bechtle continually endeavours to establish the preconditions to curb the risks associated with the operation of IT. This includes ongoing investments to make sure the platforms are secure and up to date as well as 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 considered to be high.

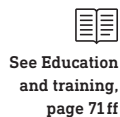
The increase in cybercrime is another risk. The probability and extent of damage from external attacks is very difficult to estimate. Attackers could exploit potential vulnerabilities of software products used. The intrusion of unauthorised parties into the IT system could result in a confidentiality risk, or the systems could no longer operate smoothly after an attack. Furthermore, there is a risk of falling victim to a ransom 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 for new scenarios. For this purpose, Bechtle has appointed an interdisciplinary working group. 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 considered to be high.

Human resources. 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. Loss of expertise could occur due to above-average fluctuations in qualified personnel, or the customer satisfaction could be impaired by a lack of qualification and performance orientation on the part of the employees. 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 completed a group-wide employee-satisfaction survey, which is to be repeated every two years. The training of young people and further training measures for existing employees are key aspects of the HR work. Furthermore, the HR work aims to reduce the workload of the operating companies in Germany and abroad and leverage efficiency potential by means of a uniform alignment.



The occurrence of fluctuation risks is considered to be probable. This could cause some detrimental effects on the earnings, assets and financial position. We consider this risk to be medium. We consider the HR procurement risk to be high, as the occurrence of this risk is probable and substantial detrimental effects on the earnings, assets and financial position cannot be excluded. We consider the risks associated with the shortage of qualified people to be high, as the occurrence of this risk is probable and substantial detrimental effects on the earnings, assets and financial position cannot be excluded. We consider the risk that central HR projects will not yield the desired result to be high. 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 204 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 Bechtle 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 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.



See Notes, Currency risk, page 204 ff



See Financial position, page 104 ff

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 financial position of the Bechtle Group as of the end of 2021 is very sound and comfortable, with cash, cash equivalents, time deposits and securities worth €431.8 million (prior year: €403.2 million), unused cash and guarantee credit lines worth €148.6 million and a positive cash flow from operating activities amounting to €284.5 million (prior year adapted: €317.5 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 or intercompany loans. 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 that 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 stable development of the trade receivables in the reporting period did not give rise to any concerns. 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 considered to be high.

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.



See
Assets position,
page 100 ff. and
Notes, Interest rate risk,
page 206 f

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 central finance department. The procedure applied by the department is subject to regular audits as determined by the management.

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

OTHERS

Acquisitions. Since its foundation, Bechtle AG has acquired 102 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.



See Locations,
page 63 ff

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. This risk is considered to be medium.

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 44.8 per cent and a comfortable liquidity situation.

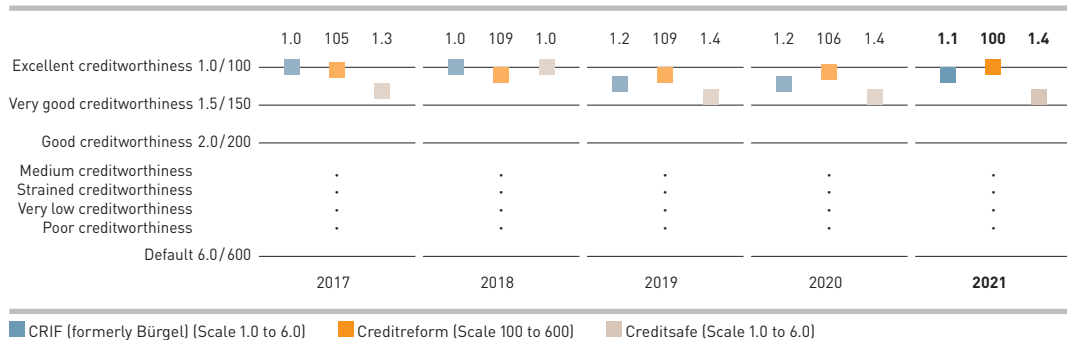


Excellent credit rating

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.



56. CREDIT RATINGS BECHTLE AG



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 DBRS Morningstar.

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. Overall, Bechtle AG is not aware of any risks that, alone or in combination with other risks, 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.



Networked decentralisation is one of Bechtle’s main pillars. Nevertheless, we centrally perform numerous services for our subsidiaries from Neckarsulm. For example, this includes the administration of our online shops and translation into the various local languages.

Tamara Johnson, Content Management, Bechtle Logistik Neckarsulm

Rocio Perez Pino, European Translation Team, Bechtle Logistik Neckarsulm

From left to right

FORECAST REPORT

The situation early in the 2022 fiscal year is rather multifaceted. On the one hand, we see optimistic forecasts for the macroeconomy and the IT market that are in line with the general demand behaviour of our customers. IT budgets are there to spend, and industrial customers and public-sector clients are set to invest substantial amounts in their IT. On the other hand, there are major uncertainties with regard to future development. The picture is clouded by the still unsolved global supply issues and the question of how long these will persist. Moreover, the situation is aggravated by the war in Ukraine. Since the demand for IT will remain high in the medium and long term, the outlook is very good for the IT industry in general and for Bechtle in particular. In the short term, however, we have to deal with the said uncertainties. We are, nevertheless, convinced that the outlook for the further development of the Bechtle Group for the 2022 fiscal year continues to be bright.

FRAMEWORK CONDITIONS

Growth remains high. According to its forecast of February 2022, the European Commission expects the economic growth in the EU to undergo a slight decline, while remaining at a high level. In 2022, the gross domestic product (GDP) is to grow 4.0 per cent, after 5.3 per cent in the prior year. Further into the year, the growth rates are to be more varied. A rather low growth of 0.4 per cent is predicted for the first quarter. Higher growth rates of 1.3 per cent and 1.1 per cent are anticipated for the second and third quarters, respectively. In the fourth quarter, the growth rate is to drop slightly to 0.7 per cent. The positive growth expectation for the entire EU is also reflected in Bechtle's markets. Belgium is at the bottom of the list, though its projected economic growth of 2.7 per cent is not bad. The highest growth of 5.6 per cent is predicted for Spain, followed by Ireland, Poland and Portugal, each with 5.5 per cent. Investments in equipment in the EU are expected to increase at a higher rate than the GDP. After a surge of 10.1 per cent in the reporting period, these investments are projected to grow by 6.1 per cent in the current year. The increase of 3.5 per cent that is predicted for government investments in the EU in 2022 is slightly above the figure of 3.4 per cent in the reporting period. The economic growth in the EU for 2023 is estimated at 2.8 per cent. Investments in equipment are expected to increase by 4.6 per cent, a rate that is again higher than that of the GDP growth.

The economic performance in Germany is projected to pick up considerably in 2022. The European Commission predicts GDP growth of 3.6 per cent for the current year, after 2.8 per cent in the reporting period. In contrast to the EU, investments in equipment, too, are to increase at a higher rate in 2022, namely by 5.6 per cent, after 5.4 per cent in the reporting period. Government investments are expected to grow by 2.6 per cent, the same level as in 2021. For 2023, the European Commission expects growth of 2.6 per cent in Germany, i.e. a decline at a high level compared to 2022. Investments in equipment are expected to grow by 4.7 per cent in 2023, a figure that again exceeds the GDP growth.

Global IT market growing. The market research institute Gartner predicts a 5.1 per cent growth in global IT expenditure in 2022. High growth of 4.7 per cent is also expected in the EMEA region. Due to the fast-growing demand for cloud-based software, the general demand for software is expected to undergo the highest increase of 10.0 per cent, followed by services with an increase of 8.2 per cent.

According to Bitkom, the German IT market is to continue to grow at a high level in 2022, though the predicted rate of 5.9 per cent is below that of the reporting period (6.3 per cent). Growth of 5.7 per cent is projected for hardware sales. Services are to grow by 3.9 per cent, a rate slightly above that of the reporting period (3.7 per cent). Here too, the software segment is the growth driver. The increase in this area is expected to amount to 9.0 per cent, after 8.0 per cent in the reporting period.

In France – a national market that is important for Bechtle – IT sales are to pick up again in 2022. The industry association “numeum” projects an increase of 7.1 per cent.

General situation tainted by uncertainty. 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. However, the macroeconomic situation in Western and Central Europe is marked by a high level of uncertainty. Besides the COVID-19 pandemic, which continued to impact the mood at least in early 2022, one of the greatest problems is the ongoing disruption in the global supply chain, which is also causing supply problems in the IT market. As of the preparation of this report, the war in Ukraine is another complication. All these factors can indirectly influence the business performance of Bechtle AG. However, it is impossible to reliably ascertain and assess the probability of occurrence, the extent and the duration of these events. 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.



See Risks,
page 121 ff

GROUP PERFORMANCE

PRODUCTS AND MARKETS

In many industrial enterprises and in public administration, digitisation remains the predominant trend in the field of IT. This trend has further intensified on the basis of the experience gained during the COVID-19 pandemic. In particular, the higher flexibility required in many areas during the pandemic is only possible on the basis of a highly digitised IT infrastructure. The subject area of security also continued to play a prominent role in the reporting period. The global supply problems were the only reason why the high demand was braked. Obviously, many digitisation projects depend on the supply of new hardware. The supply problems have thus also obstructed the performance of some services. The supply issue will continue to challenge the IT market and Bechtle in 2022, though as of the preparation of the annual report, it is not clear how long this will be the case. However, we believe that at least the first half of 2022 will be noticeably impacted by the supply problems. What we do know, however, is that 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 is continually upgrading its product and service portfolio.

In the coming years, Bechtle will expand the range of special IT solutions in the IT System House & Managed Services segment. We consider subjects such as as-a-service models, cloud solutions, security, mobility, storage and modern workplace and networking solutions to be market drivers in this regard. 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 further expanded our competencies in the fields of data centres, security and networking by acquiring Open Networks GmbH in Vienna, Austria. Owing to our acquisition of Cadmes B.V. in Belgium and the Netherlands, we are now able to offer our advanced competencies in the CAD/CAM/PLM business beyond Germany, Austria and Switzerland. 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. Our customers can see the entire bandwidth of Bechtle's service and solution portfolio at a glance on this website. 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. At the same time, this helps us to boost customer satisfaction and penetration. Moreover, the cooperation between the segments and across national borders is being further promoted under the "One Bechtle" motto. This would be hardly possible without virtual collaboration platforms. We therefore believe that it is vital to the future successful positioning of Bechtle 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 guarantee competitive availabilities for the products offered. In 2021, the consolidation

rate reportedly picked up slightly due to the supply problems and the associated economic hardships especially smaller competitors were faced with. However, the high degree of fragmentation of the European IT market and especially of the German IT market has not fundamentally changed. This structure 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. We are therefore confident that we will be able to continue to expand our market share at a disproportionately high rate.

The Bechtle Group will carry on with its efforts to drive its market position in both business segments by expanding existing companies and business fields and by means of acquisitions. In the reporting period, we expanded our M&A strategy. So far, we have focused on acquisitions in the service segment in Germany, Austria and Switzerland, as our system houses are only located in these countries. Our expanded M&A strategy also provides for acquisitions outside German-speaking countries. We are thus going to step up our presence and extend our range of system-integration services to countries in which we had previously only engaged in trading. In a first step, Bechtle is more intensively examining the national markets in Benelux, France, Spain and the United Kingdom.

KEY PERFORMANCE INDICATORS

Business volume. As already explained in the section on the earnings position, Bechtle has introduced “business volume” as an alternative performance indicator. For many years, Bechtle AG has grown faster than the market. Since 2011, we have greatly increased our business volume at a compound annual growth rate (CAGR) of about 12 per cent, thereby outperforming the IT market. Over the years, the strong growth has been largely organic. We believe that in the future, the group’s growth rates will continue to be largely organic. In the reporting period, we achieved good growth of 7.3 per cent. We expect further significant growth in 2022. However, our forecast is greatly influenced by the uncertainty as to whether the global supply problems will continue.



See Earnings position, page 91ff

Revenue. The revenue performance is largely identical to the business volume performance. In the reporting period, however, the revenue growth of 5.1 per cent was below the growth rate of the business volume. This was due to a disproportionately high increase in our software business. In view of the ongoing supply difficulties, revenue growth in 2022 will likely remain below the business volume growth. In the medium term, however, the gap between the growth rates will disappear again. For 2022, we again project significant revenue growth. Under consideration of the high level of orders on hand, the great increase in incoming orders in 2021, our customers’ high willingness to invest and Bechtle’s excellent positioning on the IT market, very significant growth could occur. Nevertheless, we need to be aware that the global supply difficulties will continue to be felt severely at least in the first half of 2022. Still, we remain optimistic, as we hope that the situation will gradually return to normal starting from the second half of the year.

Minor differences can often be observed between the segments and regions. While the performance of our companies outside Germany, and thus of the IT E-Commerce segment as well, was weaker in 2020 due to the sometimes more stringent measures taken by the respective countries in order to control COVID-19, the companies located there picked up in 2021. All in all, the revenue split is expected to remain more or less the same in 2022, with Germany accounting for about 60 per cent of the revenue and the companies abroad for about 40 per cent. In the medium run, however, the expanded M&A strategy and the planned internationalisation of the system house business could result in an increased revenue share of the European companies. We do not expect any major shifts within the segments.

Costs. In recent years, the cost of sales has increased at more or less the same rate as the revenue. In years marked by significant growth rates, such as the years from 2017 to 2019 with usually a higher share in hardware sale, we mostly see a disproportionately high increase in material costs, resulting in pressure on the gross margin. This is compensated in years with high single-digit growth rates and an often higher share of revenue from services and the solution business, which was also the case in the reporting period. Due to the supply difficulties, the company was unable to sell as much hardware as it could have, which not only braked the growth rate, but also resulted in a lower increase in material costs. In 2021, we had also experienced pandemic-related special effects that had a positive influence on the gross margin, but that are not fully sustainable. Most prominently, this includes cost savings for vehicle and travel expenses. The gross margin of 17.3 per cent that was achieved in 2021 was thus also influenced by one-time effects. For this reason, it will not be easy to keep the gross margin at the same level in 2022. Nevertheless, we intend to keep the increase in cost of sales in 2022 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 period.

As a service provider, personnel expenses play a central role at Bechtle AG. These expenses represent the bulk of the costs, accounting for approximately 80 per cent of the distribution costs and more than 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. The Executive Board expects the absolute expenses for the two functional areas sales and administration to further increase in 2022. Taking the rising inflation rates into consideration, it is obvious that the cost pressure will not fade this year. However, we endeavour to prevent above-average growth of personnel expenses, keeping the ratios of these two items at least at the levels of the reporting period, i.e. at below 7 per cent and below 6 per cent of revenue, respectively.

Earnings. The earnings performance in recent years was also very good. Since the 2011 fiscal year, the CAGR for EBT has been around 14 per cent. On a long-term average, EBT has thus performed better than the revenue. As already mentioned, the earnings performance and thus the margin performance in the reporting period also experienced special effects. In addition to the above-mentioned pandemic-related effects, positive one-time effects from the deconsolidation of a group company took place. Therefore, our goal of keeping the earnings performance in 2022 more or less at the same level as the revenue performance in 2021 is very ambitious, as the reference figures from the reporting period are already very high. The presented EBT margin is to remain at the level of the reporting period (6.0 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 2021 fiscal year of €0.55 per share represents a ratio of 29.9 per cent. This is in line with our long-standing dividend strategy and represents a year-on-year increase (prior year: 29.4 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 very sound 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, 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 ensure supply longer than many of its competitors. The financial position and the stability of the IT partner is a 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 €431.8 million. In this connection, it is doubtlessly an advantage that on a de-facto basis, Bechtle was again debt-free in 2021. 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. In the reporting period, financial liabilities were greatly reduced by means of an early repayment. Unless major acquisitions take place, the current positions will not undergo any significant changes in 2022. As previously, smaller acquisitions could be financed from the current cash flow and available liquidity in 2022. Owing to its good creditworthiness, Bechtle could also raise debt capital whenever necessary. The takeover of larger companies could result in a more drastic cash outflow, although in this 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. The Executive Board is authorised to increase the share capital by issuing up to 14 million shares against cash or in-kind contributions up until June 2023.

Provided that no major takeovers occur in 2022, the balance sheet structure will most likely not undergo any significant changes compared to the reporting date of 31 December 2021.

Investments. The business of Bechtle AG, which comprises IT product trading and IT services, does not involve any major investments. The investment ratio in 2021 was about 16 per cent and thus remained below the long-term average. The total amount of investments in 2021 was €58.4 million, a figure within the framework of our planning. Apart from the conversion in Neckarsulm and new buildings at other locations, this figure mainly comprised internal projects, such as our digital marketplace or our Bechtle Clouds platform. Additionally, we had ongoing investments in internal IT and higher replacement and expansion investments. This year, Bechtle will continue to invest in the company's future. Though we do not plan any major investments, 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 2022 to total €55 to €65 million.

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

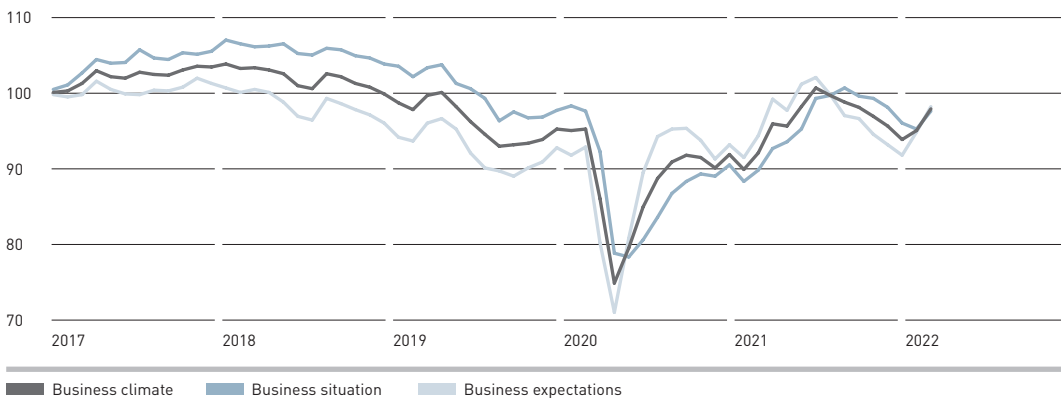
Human resources. Staff development and training will continue to play an important role in our business. With an established range of training measures and consistent continuation of the internal management programmes, Bechtle intends to continue to invest in the development of junior and executive staff. Regardless of whether or not acquisitions will take place, the Executive Board plans to continue to step up the headcount in 2022, though at a lower rate than the revenue growth. Moreover, Bechtle's HR policy will continue to focus on training young people. To safeguard its future, Bechtle's goal is to increase the training ratio in Germany to approximately 10 per cent by 2030.

Another central goal of our HR strategy is to further upgrade Bechtle as an employer brand. We are pleased to see that the headcount increase in the reporting period by exactly 700 colleagues largely resulted from recruitment and less from acquisitions. This clearly shows that Bechtle has not lost its ability to attract attention and stimulate enthusiasm. Obviously, the further development of 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 coming years.

OVERALL ASSESSMENT

Positive outlook despite challenging framework conditions. At the beginning of 2022, the macroeconomic situation was generally positive, although major uncertainties remain with regard to where the economic development in Germany and in Europe is headed. It remains to be seen how the global supply difficulties will develop. For a positive economic development, the situation needs to improve in the course of the year. Other unpredictable factors include further developments in Eastern Europe as well as the impact of the war on the macroeconomy. In our opinion, the positive growth forecasts of the European Commission of February 2022 are therefore still subject to risks and uncertainties. At the beginning of the year, however, the mood in the economy brightened initially. In Germany, the ifo business climate index climbed to 96.0 points in January 2022, from 94.8 in the preceding month. The mood further improved in February, and the index went up to 98.9.

57. IFO BUSINESS CLIMATE FOR GERMANY



At the beginning of the year, the mood in the IT industry was also highly positive. In February 2022, the ifo index for IT service providers reached 42.7 points, after 39.0 in January, a level even higher than prior to the outbreak of the COVID-19 pandemic in March 2020. The expectations for the next six months improved considerably and propelled the rise.

Despite the uncertainties, the Executive Board is confident that the company will 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 difficulties.

58. OVERVIEW OF FORECASTS ON THE EARNINGS POSITION FOR 2022

	Group	IT System House & Managed Services	IT E-Commerce
Business volume	Significant increase over 2021		
Revenue	Significant increase over 2021	Significant increase	Significant increase
Cost of sales	Increase more or less parallels revenue increase		
Gross margin	About 17%		
Distribution cost ratio	<7%		
Administrative expense ratio	<6%		
EBT	Increase more or less parallels revenue increase	Increase more or less parallels revenue increase	Increase more or less parallels 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		

The digitisation trend continues. Our customers' willingness to invest remains high. There is a will and a necessity to invest in IT. Bechtle is ready.

Olaf Etzrodt, Head of Managed Service, System House Hamburg

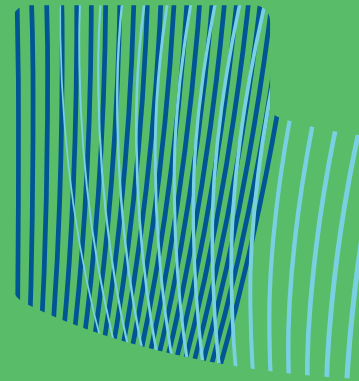
Yvonne Schmidt, Servicefaktura, System House Hamburg

Yvonne Kupsch, Serviceadministration, System House Hamburg





CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS

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FURTHER INFORMATION

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59. CONSOLIDATED INCOME STATEMENT

		€k	
	Notes	2021	2020
Revenue	1	5,305,489	5,050,271 ¹
Cost of sales	2	4,385,481	4,193,690 ¹
Gross profit		920,008	856,581
Distribution costs	2	345,216	319,242
Administrative expenses	2	282,625	286,532
Other operating income	3	33,554	26,148
Earnings before financial earnings and taxes		325,721	276,955
Financial income	4	1,415	1,073
Financial expenses	4	6,636	7,323
Earnings before taxes		320,500	270,705
Income taxes	5	89,054	78,158
Earnings after taxes (attributable to shareholders of Bechtle AG)		231,446	192,547
Net earnings per share (basic and diluted)	€ 6	1.84	1.53²
Weighted average shares outstanding (basic and diluted)	in thousands	126,000	126,000²



See
further comments
in the Notes,
in particular III.,
page 172 ff

¹ Prior-year figure adjusted

² Adapted to share split

60. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		€ k	
	Notes	2021	2020
Earnings after taxes		231,446	192,547
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on pension provisions	17	21,310	775
Income tax effects		-4,259	-218
Items that will be reclassified to profit or loss in subsequent periods			
Unrealised gains and losses on hedges		835	-952
Income tax effects		-315	219
Hedging of net investments in foreign operations		-18,112	5,959
Income tax effects		5,456	-1,790
Currency translation differences		11,424	1,047
Other comprehensive income	16	16,339	5,040
of which income tax effects		882	-1,789
Total comprehensive income (attributable to shareholders of Bechtle AG)		247,785	197,587



See further comments in the Notes, in particular IV. no. 16, page 184 ff

61. CONSOLIDATED BALANCE SHEET

ASSETS		€k	
	Notes	31.12.2021	31.12.2020
Non-current assets			
Goodwill	7	469,650	448,313
Other intangible assets	8	98,858	113,241
Property, plant and equipment	9	342,902	327,215
Trade receivables	12	57,839	55,903
Deferred taxes	10	8,924	6,770
Other assets	14	6,026	7,448
Total non-current assets		984,199	958,890
Current assets			
Inventories	11	513,824	301,663
Trade receivables	12	928,724	877,173
Income tax receivables		7,572	2,289
Other assets	14	153,698	143,928
Time deposits and securities	13	0	40,002
Cash and cash equivalents	15	431,751	363,171
Total current assets		2,035,569	1,728,226
Total assets		3,019,768	2,687,116



See
further comments
in the Notes,
in particular IV.,
page 176 ff

EQUITY AND LIABILITIES

€ k

	Notes	31.12.2021	31.12.2020
Equity			
Issued capital		126,000	42,000
Capital reserves		40,228	124,228
Retained earnings		1,186,886	995,801
Total equity	16	1,353,114	1,162,029
Non-current liabilities			
Pension provisions	17	12,994	31,022
Other provisions	18	11,379	11,055
Financial liabilities	19	310,941	393,541
Trade payables	20	747	6,262
Deferred taxes	10	37,271	26,140
Other liabilities	21	103,830	108,590
Contract liabilities	22	19,790	20,884
Deferred income	23	2,581	2,393
Total non-current liabilities		499,533	599,887
Current liabilities			
Other provisions	18	27,318	22,831
Financial liabilities	19	34,537	18,913
Trade payables	20	613,228	425,875
Income tax payables		30,525	45,964
Other liabilities	21	266,638	253,921
Contract liabilities	22	161,643	130,594
Deferred income	23	33,232	27,102
Total current liabilities		1,167,121	925,200
Total equity and liabilities		3,019,768	2,687,116

62. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	€k					Total equity (attributable to shareholders of Bechtle AG)
	Issued capital	Capital reserves	Retained earnings		Total	
			Accrued profits	Changes in equity outside profit or loss		
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
Equity as of 1 January 2021	42,000	124,228	982,214	13,587	995,801	1,162,029
Distribution of profits for 2020			-56,700		-56,700	-56,700
Earnings after taxes			231,446		231,446	231,446
Other comprehensive income				16,339	16,339	16,339
Total comprehensive income	0	0	231,446	16,339	247,785	247,785
Capital increase from company funds	84,000	-84,000			0	0
Equity as of 31 December 2021	126,000	40,228	1,156,960	29,926	1,186,886	1,353,114



See further
comments
in the Notes,
in particular
IV. no. 16,
page 184 ff

63. CONSOLIDATED CASH FLOW STATEMENT

		€k	
	Notes	2021	2020
Operating activities			
Earnings before taxes		320,500	270,705
Adjustment for non-cash expenses and income			
Financial earnings		5,220	6,250
Depreciation and amortisation of intangible assets and property, plant and equipment		103,003	98,138
Gains and losses on disposal of intangible assets and property, plant and equipment		-277	-544
Other non-cash expenses and income		11,870	28,758
Changes in net assets			
Changes in inventories		-217,234	-18,539
Changes in trade receivables		-44,372	-44,049
Changes in trade payables		175,411	23,861
Changes in deferred income		29,126	16,091
Changes in other net assets		2,391	1,507 ¹
Income taxes paid		-101,146	-64,725
Cash flow from operating activities	24	284,492	317,453¹
Investing activity			
Cash paid for acquisitions less cash acquired		-15,840	-59,656
Cash paid for investments in intangible assets and property, plant and equipment		-58,269	-65,973
Cash received from the sale of intangible assets and property, plant and equipment		8,195	12,311
Cash paid for acquisitions of time deposits and securities		0	-40,001
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets		40,002	0
Settlement of net investment hedges		-18,112	5,959
Interest payments received		1,084	878
Cash flow from investing activities	25	-42,940	-146,482
Financing activities			
Cash paid for the repayment of financial liabilities		-72,941	-42,682
Cash received from the assumption of financial liabilities		5,965	67,461
Dividends paid		-56,700	-50,400
Interest paid		-6,697	-7,112 ¹
Cash paid for the repayment of leases		-48,983	-45,993
Cash flow from financing activities	26	-179,356	-78,726¹
Exchange-rate-related changes in cash and cash equivalents		6,384	-1,271
Changes in cash and cash equivalents		68,580	90,974
Cash and cash equivalents at the beginning of the period		363,171	272,197
Cash and cash equivalents at the end of the period		431,751	363,171



See further comments in the Notes, in particular V., page 198 f

¹ Prior-year figure adjusted

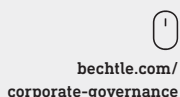
NOTES

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, Austria, Belgium, the Netherlands 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 at 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 4 March 2021, the Executive Board released the consolidated financial statements of Bechtle AG for the fiscal year 2021 for submission to the Supervisory Board.



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 2021 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
IFRS 17 Insurance Contracts including amendments to IFRS 17	18 May 2017 and 25 June 2020
Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets	14 May 2020
Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 – Interest Rate Benchmark Reform	27 August 2020
Amendments to IFRS 4 Insurance Contracts – Distinction to IFRS 9	25 June 2020

On 31 March 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. The amendment did not have any significant effect on 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 ¹
Published pronouncements not yet adopted			
Amendments to IAS 1 Classification of Liabilities as Current or Non-current – Instructions on How to Consider Covenants and Deferring the Effective Date	23 January 2020/ 15 July 2020	Open	1 January 2023
Amendments to IAS 1 Disclosure of Accounting Policies (and Amendments to IFRS Practice Statement 2) – New Instructions on How to Specify Significant Accounting Policies	12 February 2021	Open	1 January 2023
Amendments to IAS 8 Definition of Accounting Estimates	12 February 2021	Open	1 January 2023
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	7 May 2021	Open	1 January 2023
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	9 December 2021	Open	1 January 2023

¹ 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. The amendments to IAS 1 Disclosure of Accounting Policies could result in a reduction of the current disclosure of relevant information.

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. As in the prior year, Bechtle AG directly or indirectly holds all interests and voting rights in all consolidated companies.



See Appendix A,
Subsidiaries
S. 230 ff

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

Company	Headquarters	Date of initial consolidation/ deconsolidation	Acquisition/ Sale
Cadmes B.V.	's-Hertogenbosch, Netherlands	1 September 2021	Acquisition
Cadmes Systems B.V.	Merelbeke, Belgium	1 September 2021	Acquisition
Open Networks GmbH	Vienna, Austria	1 November 2021	Acquisition
PSB IT-Service GmbH	Ober-Mörlen, Germany	30 June 2021	Sale

Acquisitions are recognised according to the purchase method.

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



See page 176 f
and page 214 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	
		2021	2020	2021	2020
Switzerland	CHF	1.03	1.08	1.08	1.07
UK	GBP	0.84	0.90	0.86	0.89
USA	USD	1.13	1.23	1.18	1.14

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 gross revenue comprises all income resulting from Bechtle's ordinary business operations from contracts with customers. Gross revenue is presented without value-added tax and other taxes collected from the customers and paid to the tax authorities. In its consolidated financial statements as of 31 December 2021, Bechtle changed its accounting method for part of its business. The revenue from this part of the business is no longer presented in the amount of the gross revenue, but only in the amount of the gross margin achieved.

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 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 opportunities and risks of the asset. Depending on the underlying business transaction, the recognition of the revenue takes place in the amount of the consideration that Bechtle expects to receive for these goods (accounting as principal) or in the amount of the gross margin (accounting as agent).

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:** Within the scope of the sale of customer-specific solutions on the basis of standard software licences, Bechtle acts as a value-added software reseller and performs pre-sales consulting services in connection with the sale. This especially includes aspects of strategic and operational software procurement and consulting services with respect to the contract and compliance. Under consideration of all relevant factors (see Discretionary Decisions, Estimates and Assumptions), Bechtle is of the opinion that in the context of the pure sale of standard software, Bechtle acts as an agent. In the indirect business, Bechtle thus records the revenue in the amount of the gross margin. This assessment also applies to the sale of standard software licences with basic installation services. These installation services are generally not very extensive or complex, so that the standard software or the interfaces do not need to be customised (no customisation of the existing interfaces and no new development). Based on this analysis, Bechtle is of the opinion that it transfers two separately specified goods or services to the customer. Under consideration of all factors, Bechtle is thus of the opinion that when selling standard software licences with basic installation services, it acts as an agent. The classification as principal or agent does not depend on the provisioning model, i.e. it applies both to on-premise models and to software as a service models from the cloud, which are sold in the context of the indirect business model.

■ **Standard software including customising and/or customer-specific integration of the standard software:** On the one hand, 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 or adapted significantly by means of this customising. On the other hand, Bechtle also performs integration services that are aligned with the needs of the end customer in order to integrate the standard software licence in the existing system of the end customer. Bechtle thus uses the standard software licence and the customer-specific integration service for the purpose of achieving the combined end result (= functional and integrated software system) as defined in the contract with the end customer. Accordingly,

Bechtle comes to the conclusion that the services cannot be separated from each other, and a single 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. In this business, Bechtle thus recognises the revenue in the amount of the consideration that Bechtle expects to receive for these goods and services.

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 until the time of the sale of its subsidiary PSB IT-Service GmbH and thus records gross revenue, provided that all following conditions are met:

- 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, since if the customer does not accept the services, Bechtle has no right of return vis-à-vis the vendor and Bechtle cannot sell the services 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.

Due to the sale of PSB IT-Service GmbH as the central service provider of the Bechtle Group as of 30 June 2021, important criteria for accounting as a principal when selling third-party warranty obligations no longer apply. Starting from 1 July 2021, Bechtle accounts for third-party warranty obligations as an agent and recognises the resulting revenue in the amount of the gross margin.

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. In addition to the combination of various hardware and software products, this especially concerns Bechtle's 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 on a point-in-time basis is performed separately for each performance obligation.

Pursuant 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 2021, these costs only played an insignificant role.

Pursuant to IFRS 15.91, sales commission in connection with long-term managed service contracts 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 Management Report,
page 54 f

Leases. Bechtle as lessee. Accordingly, all contracts in the Bechtle Group that constitute a lease or leases that are included in another contract must be measured as a lease liability at the present value of the lease payments when they are first recognised 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, 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 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 vendor 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 ten 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 amortisation. 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 amortisation takes place on a pro rata temporis basis, and mainly on a straight-line basis according to the expected useful life. Scheduled amortisation is based on the following useful lives:

Office equipment	2–10 years
Furniture, fixtures and fittings	2–20 years
Vehicle fleet	2–8 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 offset-

ting 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 pursuant 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 pursuant 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.

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 pursuant 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. In the reporting period, a provision for contractual penalties that could arise towards our customers in connection with existing supply obligations under framework agreements as a result of the current supply bottlenecks on the procurement market was recognised under other provisions. The amount of the provision comprises the loss that would arise, which is not covered by the contract margin.

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). Pursuant 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 pursuant to IFRS 9:

Subsequent measurement of financial assets:

■ Pursuant 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 pursuant to 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 contract partners, no impairment is determined according to the ECL model for financial assets in the form of cash and cash equivalents.



See page 200 ff

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 pursuant 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 still impossible to ascertain what the global consequences of the COVID-19 pandemic and of the global supply bottlenecks will be, estimates and discretionary decisions are subject to increased 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-competitor 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 **hedging instruments** 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. Bechtel 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.

Within the framework of the **revenue recognition and the assessment of whether Bechtle acts as principal or agent** when selling standard software licences without customising by way of indirect business, Bechtle re-evaluated its previous discretionary decisions under consideration of an enforcement procedure and especially on the basis of the additional insight from the preliminary agenda decision published by the International Financial Reporting Interpretations Committee (IFRS IC) in November 2021. In this connection, the previous accounting approach was changed. The change took effect retroactively.

Pre-Sales consulting services. In its evaluation of the circumstances of the indirect contract model for the sale of standard software without customising and/or customer-specific integration of the standard software, Bechtle formerly attributed great importance to pre-sales consulting as a (significant) promise. The sale of software licences generally involves complex, extensive pre-sales consulting with regard to the correct arrangement of the rights of use to 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 associated with the sale of the software products, and Bechtle considers these consulting services as a key element of the performance towards the customer, as this pre-sales consulting may only be performed by duly trained and certified employees (licence consultants). Due to the implicit and, in certain cases, explicit obligation to provide such comprehensive consulting services, Bechtle came to the conclusion that pre-sales consulting represents a (significant) promise to the customer within the framework of a service package.

The re-evaluation of the discretionary decisions especially concerns the classification of the pre-sales consulting services. Pursuant to the IFRS IC, this pre-sales consulting rather plays the role of a sales service. From the perspective of the IFRS IC, this is backed by the fact that at the time of conclusion of the contract, the value-added reseller has already performed the consulting services. Thus, the IFRS IC comes to the conclusion that no separate performance obligation can be identified for this. Though the consulting could have influenced the customer's decision to order a certain type and number of software licences, no effective contract between the value-added reseller and the customer is on hand prior to an order. If no software licences are purchased, Bechtle is therefore not entitled to any compensation for the consulting services.

Moreover, this weighting is supported by the following aspects:

- Compared to the value of the standard software licence, the pre-sales consulting overhead usually accounts for a minor share.
- A customer who knows which contract model would be suitable and exactly how many standard software licences he or she needs would not gain any added value from the pre-sales consulting.

Under consideration of the said circumstances and factors, Bechtle thus comes to the changed conclusion that with regard to the qualification as principal or agent, only the sale of the software licence should be reflected, not the provision of a service package as previously. In this case, other indicators for the determination of Bechtle's control over specific goods or services must only be applied to the software licence sold.

Differentiation between installation and integration services. In the course of the publication of the preliminary agenda decision by the IFRS IC and the associated critical evaluation and review of the pre-sales consulting services, the field of standard software including customising and/or customer specific integration of the standard software was also subjected to another critical examination. Previously, the pre-sales consulting was included in the evaluation of whether a qualification as principal is on hand when selling standard software including customising and/or customer-specific integration. Since the pre-sales consulting services are no longer considered a (significant) promise within the context of a performance package, the previous discretionary decisions in the field of differentiation between an installation or integration service were re-evaluated. In this complex subject area, substantial discretionary leeway remains especially with regard to the question whether the mere installation of a software or complex customising and/or a customer-specific integration is on hand.

Following a re-evaluation under consideration of the additional insight, Bechtle came to the conclusion that stricter criteria must be applied for customising and integration services. Substantial customising and/or customer-specific integration must thus either

- contain a significant customisation of the software (modification of the source code) or
- the function scope of the standard software licence must have been modified significantly, e.g. through
 - creation of new interfaces or
 - expansion/customisation of the existing interfaces.

If the installation or integration service does not include this scope, it will henceforth be classified as (basic) installation and does not meet the criteria for qualification as principal. In the reporting period, the effect on the reduction of the business volume (gross revenue before accounting as agent) with the additional costs for standard software with customising by way of indirect business after changing the discretionary decision amounts to €365,462 thousand (prior year adjusted: €315,521 thousand).

Additionally, for the sake of a comprehensive presentation of the reduced business volume, the costs for third-party warranty obligations in the amount of €58,337 thousand due to the sale of PSB IT Service GmbH in the second half of 2021 are presented in the following table.

The changed accounting approach does not affect Bechtle's earnings, assets and financial position or its cash flows. Moreover, it does not affect the basic and diluted earnings per share.

The following table presents the effects of the accounting change and of the sale of PSB IT-Service GmbH.

		31.12.2021	31.12.2020 [adjusted]	31.12.2020 [reported]
Business volume (gross revenue)	€k	6,245,794	5,819,243	5,819,243
Cost of standard software without customising in indirect business	€k	-516,506	-453,451	-453,451
Additional costs for standard software with customising/integration in indirect business after change of discretionary decision	€k	-365,462	-315,521	-
Costs for warranty obligations of a third party in the 2nd half of 2021 due to the sale of PSB IT-Service GmbH	€k	-58,337	-	-
Total reductions in business volume	€k	-940,305	-768,972	-453,451
Revenue after corresponding adjustments	€k	5,305,489	5,050,271	5,365,792
EBT margin according to previous consolidated income statement	%	5.1	4.7	4.7
EBT margin after corresponding adjustments	%	6.0	5.4	5.0

As explained above, contracts in the field of customising and/or customer-specific integration and in other business areas of Bechtle were also reviewed under consideration of the IFRS IC decision. Compared to the presentation of the qualification as principal in the prior year, further reductions were carried out. The prior year was adjusted accordingly.

Estimates and assumptions. Gross versus net presentation. The evaluation as to whether Bechtle should recognise revenue either in the amount of the consideration that Bechtle expects to receive for these goods and services (accounting as principal) or in the amount of the gross margin (accounting as agent) requires an analysis both of the legal form and of the economic content of contracts. After considering all relevant facts and circumstances of the individual case, the decision often involves a certain measure of discretion even if a uniform review pattern is applied throughout the group.

Revenue from standard software licences without customising and/or customer-specific integration of the standard software continue to be generally accounted for as an agent and is presented in the amount of the gross margin. On the other hand, the evaluation of a significant integration service in connection with the sale of software licences is a complex issue for which the above-mentioned criteria need to be used in order to establish a qualification as principal. Basically, Bechtle assumes a qualification as agent. If however, proof of customising and or customer-specific integration is on hand or the performance took place by specialised Bechtle system houses, Bechtle will account for this sale as principal, presenting the gross revenue.

Depending on the evaluation, significant differences may arise with regard to the amount of the revenue and expenses of the respective periods. However, EBIT are not affected.

III. FURTHER EXPLANATORY NOTES ON THE INCOME STATEMENT

1 REVENUE

The revenue amounting to €5,305,489 thousand (prior year: €5,050,271 thousand¹) 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).

The following table shows the breakdown of the revenue:

	01.01 – 31.12.2021			01.01 – 31.12.2020		
	IT System House & Managed Services	IT E-Commerce	Group	IT System House & Managed Services	IT E-Commerce	Group
	IT trading revenue	2,376,597	1,881,733	4,258,330	2,476,808	1,644,652
IT service revenue	1,018,196	28,963	1,047,159	904,498	24,313	928,811
Total revenue	3,394,793	1,910,696	5,305,489	3,381,306¹	1,668,965¹	5,050,271¹

¹ Adjustment prior year

In the IT E-Commerce business segment, IT trading revenue is predominantly generated on a point-in-time basis. The revenue in the IT System House & Managed Services segment consists primarily of IT trading revenue that is also recognised on a point-in-time basis and IT service revenue that is recognised either on a point-in-time basis 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, IT services, peripherals and network components. With these product groups, Bechtle generated about 66 per cent of the total revenue (prior year: 60 per cent).



See Management Report,
Company, Markets,
page 52f

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

	01.01 – 31.12.2021			01.01 – 31.12.2020		
	IT System House & Managed Services	IT E-Commerce	Group	IT System House & Managed Services	IT E-Commerce	Group
	Public-sector clients	1,423,572	552,000	1,975,572	1,528,411	499,521
Commercial buyers	1,971,221	1,358,696	3,329,917	1,852,895	1,169,444	3,022,339
Total revenue	3,394,793	1,910,696	5,305,489	3,381,306¹	1,668,965¹	5,050,271¹

¹ Adjustment prior year

¹ Adjustment prior year

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



See page 209 ff

In the fiscal year 2021, income amounting to €157,696 thousand (prior year: €128,068 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 2021, income amounting to €28,663 thousand (prior year: €28,029 thousand¹) was recognised for this.

2 EXPENSE STRUCTURE

	€k					
	Cost of sales		Distribution costs		Administrative expenses	
	2021	2020	2021	2020	2021	2020
Material costs	3,882,666	3,725,137 ¹	0	0	0	0
Personnel and social expenses	419,723	384,858	277,508	255,313	181,841	179,360
Depreciation and amortisation	41,793	42,379	24,546	25,309	36,664	30,449
Other operating expenses	41,299	41,316	43,162	38,620	64,120	76,723
Total expenses	4,385,481	4,193,690¹	345,216	319,242	282,625	286,532

¹ Adjustment prior year

The predominant portion of the material costs corresponds to the costs for commodities. The material costs include a net income of €2,845 thousand from exchange rate fluctuations (prior year: –€805 thousand).

Other operating expenses include the following:

- Vehicle costs amounting to €16,145 thousand (prior year: €15,867 thousand)
- Expenses for office and building rent amounting to €15,008 thousand (prior year: €14,798 thousand)
- Communication costs amounting to €8,534 thousand (prior year: €9,061 thousand)
- Marketing costs amounting to €18,375 thousand (prior year: €14,235 thousand)
- Legal and consulting costs amounting to €25,029 thousand (prior year: €22,644 thousand)
- Impairment expenses amounting to €851 thousand (prior year: €16,145 thousand)

The significant decline was due to the recognition of a risk provision in the prior year due to the economic forecasts in connection with the COVID-19 pandemic. In the reporting period, the risk provision was reduced.

- Expenses from the immediate write-off of trade receivables amounting to €860 thousand (prior year: €1,091 thousand)

¹ Adjustment prior year

3 OTHER OPERATING INCOME

	€k	
	2021	2020
Marketing grants and other compensation from suppliers	18,840	14,741
Income from operating a photovoltaic system	214	265
Rental income	768	511
Others	13,732	10,631
Other operating income	33,554	26,148

Other operating income increased to €33,554 thousand (prior year: €26,148 thousand). Year on year, marketing grants and other compensation from suppliers again increased. As in the prior years, the other operating income consists primarily of damages, insurance reimbursements and income from hedges. Additionally, a positive deconsolidation effect of €3,887 thousand was achieved in the fiscal year from the sale of PSB IT-Service GmbH.

4 FINANCIAL INCOME AND FINANCIAL EXPENSES

The financial income in the total amount of €1,415 thousand (prior year: €1,073 thousand) consists of interest income from call money and time deposits.

The financial expenses of €6,636 thousand (prior year: €7,323 thousand) include interest expenses for loans and other financial liabilities. The reduction of financial expenses is the result of ongoing repayment and early redemption of other loans.

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	
	2021	2020
Taxes paid or due		
Germany	51,009	64,428
Other countries	29,088	26,198
Deferred taxes		
from valuation differences in terms of time	9,220	-12,337
from loss carry-forwards	-263	-131
Income taxes	89,054	78,158

In Germany, the statutory corporation tax rate for the assessment period 2021 was 15.0 per cent. Including the trade tax and solidarity surcharge, the tax encumbrance amounted to 29.9 per cent (prior year: 30.1 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.

The deferred tax expense from valuation differences in terms of time increased mainly due to the changed useful life of computer hardware and software according to tax regulations. In its letter dated 26 February 2021 on the useful life of computer hardware and software, the German Federal Ministry of Finance (BMF) changed its opinion on the useful life of such assets. For computer hardware as well as operating and user software, a normal useful life of only one year can now be assumed.

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 28.2 per cent (prior year: 28.5 per cent) on the profit before income taxes was as follows:

	€k	
	2021	2020
Earnings before taxes	320,500	270,705
Expected tax expense	90,407	77,170
Non-deductible expenses	1,306	1,065
Tax rate change for deferred taxes	514	-22
Tax expense of earlier years	295	91
Unrecognised deferred taxes on unused losses for the current year	80	183
Non-capitalised deferred tax assets on temporary differences	0	436
Allocation/addition deferred tax assets to loss carry-forwards	-49	-140
Tax-free income	-70	-487
Use of previously unrecorded loss carry-forwards	-135	-258
Tax income of earlier years	-874	-50
Deconsolidation and other consolidation effects	-2,402	0
Others	-18	170 ¹
Actual tax expense	89,054	78,158

¹ Adjustment prior year

6 EARNINGS PER SHARE

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

		2021	2020
Earnings after taxes	€k	231,446	192,547
Average number of outstanding shares		126,000,000	126,000,000 ¹
Earnings per share	€	1.84	1.53¹

¹ Adjustment to share split

Pursuant 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 214 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.

	€k		
Cash-Generating unit	IT System House & Managed Services	IT E-Commerce	Group
As of 01.01.2021	295,731	152,582	448,313
Acquisitions in the reporting period	16,114	0	16,114
Cadmes B.V.	5,303	0	5,303
Cadmes Systems B.V.	1,348	0	1,348
Open Networks GmbH	9,463	0	9,463
Currency translation differences	4,638	585	5,223
As of 31.12.2021	316,483	153,167	469,650



For information on the
assets and liabilities
of the cash-generating units,
see page 209 ff

Like the previous impairment tests, the annual impairment test of the goodwill as of 30 September 2021 in accordance with IAS 36 did not reveal any need for impairment of the value in use, 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 2021, the assumptions with regard to the impairment test did not undergo any changes.

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 2021, the cash-generating units had a weighted average cost of capital (WACC) of 7.0 per cent (prior year: 6.7 per cent) after taxes (WACC before taxes 7.3 per cent, prior year: 6.9 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. In this context, the adjustment of the revenue due to the principal versus agent accounting was not taken into consideration. The changed accounting method does not affect the cash flows and earnings. The cash flows for 2022 and 2023 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 2024 has been extrapolated with assumptions based on long-term growth rates of 2 per cent. 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.



For information on the planning process and expectations, see Management Report, Corporate Management and Management Report, page 56 ff and Forecast, page 134 ff

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



See Notes, Appendices B and C, page 234 f

8 OTHER INTANGIBLE ASSETS

	€ k	
	31.12.2021	31.12.2020
Brands/licences	14,114	14,961
Customer bases	44,935	50,778
Purchased software	15,510	16,379
Internally developed software	9,249	11,558
Customer service agreements	15,050	19,565
Other intangible assets	98,858	113,241

The ARP brand (carrying amount €4,147 thousand) and the Modus brand (carrying amount €1,900 thousand), which are 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 €6,867 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 7.0 per cent (prior year: 6.7 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 InmacWStore brand and currency translation differences.

	€ k	
	2021	2020
Customer bases		
Carrying amount (31.12)	44,935	50,778
Remaining useful life (weighted average) (years)	5.9	6.6
Accumulated scheduled amortisation	26,294	21,513
Scheduled amortisation	8,346	8,623
Currency translation differences of accumulated amortisation	175	3

Inmac WStore SAS, which had been acquired in 2018, accounted for the greatest share of capitalised customer bases, totalling €38,733 thousand (prior year: €44,543 thousand). The remaining useful life of these amounts to about seven years. The depreciation of customer bases is mainly allocated to the cost of sales and distribution costs.



See Notes,
Appendices B and C,
page 234 f

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

9 PROPERTY, PLANT AND EQUIPMENT

	€ k	
	31.12.2021	31.12.2020
Property and buildings	138,517	134,170
Other equipment, furniture, fixtures and fittings	60,151	52,695
Advance payments and construction in progress	7,463	3,568
Rights of use from leasing	136,771	136,782
Property, plant and equipment	342,902	327,215

As of 31 December 2021, there were no contractual obligations for the purchase of property, plant and equipment.

In the fiscal year, there were no indications that would have necessitated unscheduled depreciation of property, plant and equipment, not even due to the coronavirus pandemic.



See Notes,
Appendices B and C,
page 234 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	
	31.12.2021	31.12.2020
Liabilities	43,495	44,788
Property, plant and equipment	34,723	40,339
Other provisions	9,475	8,729
Receivables	4,365	4,807
Pension provisions	3,622	4,313
Inventories	2,920	2,134
Loss carry-forwards	359	619
Other intangible assets	302	181
Others	1,760	520
	101,021	106,430
Netting	-92,097	-99,660
Deferred tax assets (net)	8,924	6,770

	€ k	
	31.12.2021	31.12.2020
Property, plant and equipment	41,220	40,356
Receivables	25,322	22,318
Other intangible assets	21,441	24,672
Deferred income	20,692	20,702
Goodwill	13,693	13,517
Inventories	3,155	2,850
Pension provisions	2,128	0
Other provisions	1,318	1,064
Others	399	321
	129,368	125,800
Netting	-92,097	-99,660
Deferred tax liabilities (net)	37,271	26,140

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 carry-forwards 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 carry-forwards at various companies that recorded losses in 2020 and/or 2021 amounted to €0 thousand (prior year: €0 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 €6,381 thousand (prior year: €10,212 thousand) for corporation tax, €7,269 thousand (prior year: €12,113 thousand) for trade tax and €3,044 thousand (prior year: €3,013 thousand) for losses of companies abroad.

As in the prior year, as of 31 December 2021, 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 €39,590 thousand (prior year: €32,648 thousand).

Of the deferred taxes recognised in the balance sheet, a total of €1,145 thousand were added to the goodwill and €1,298 thousand were deducted from the equity (prior year: €3,461 thousand were added to the goodwill and €1,043 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	
	31.12.2021	31.12.2020
Commodities	532,671	314,460
Advance payments on inventories	238	334
Impairments	-19,085	-13,131
Inventories	513,824	301,663

The reasons for the increase in inventories were the stock levels required for large projects on the one hand and the stockpiling of goods in order to remain able to supply on the other hand. Large projects were impacted by bottlenecks on the procurement market for some of the components, due to which

the entire project could not be delivered where a single complete shipment had been agreed with the customer.

As of 31 December 2021, the carrying amount of the impaired inventories amounted to €86,142 thousand (prior year: €58,616 thousand). Year on year, the impairment increased €5,954 thousand (prior year: €2,929 thousand).

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

12 TRADE RECEIVABLES

	€k			
	31.12.2021		31.12.2020	
	Current	Non-current	Current	Non-current
Trade receivables, gross	954,106	57,839	904,862	55,903
Impairment	-25,382	0	-27,689	0
Trade receivables	928,724	57,839	877,173	55,903

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	Impairment IFRS 9	Neither overdue nor impaired	Overdue and not value adjusted				
					less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31.12.2021									
Trade receivables	928,724	4,245	-25,382	766,165	139,474	19,221	9,369	8,465	7,167
31.12.2020									
Trade receivables	877,173	5,174	-27,689	707,172	150,664	23,295	6,711	6,447	5,399

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, Bechtel 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. So far, the difficult circumstances of the corona year 2021 have not resulted in any increased defaults. However, it remains to be seen how the default rate will continue to develop against the backdrop of the ongoing pandemic. For this reason, the assumptions 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 continued high impairment level, were the same as in the prior year. The slight decline in impairment was due to the improved rating of our customers in rating classes with a lower probability of default. Due to the very low probability of default and the very high creditworthiness, no

impairment is applied to receivables from public-sector clients. 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 2021	Impairment 2021	Gross carrying amount 2020	Impairment 2020
01–05: Very high to medium creditworthiness	0.8%	541,574	5,119	466,605	5,312
06: Increased risk	4.0%	158,013	6,058	128,427	5,482
07: High risk	6.5%	88,037	5,485	129,840	9,007
08: Very high risk	10.0%	37,757	3,619	36,321	3,876
09: Not creditworthy	18.0%	7,901	1,363	8,072	1,620
10: Insolvent	100.0%	3,738	3,738	2,392	2,392
Public-sector clients	0.0%	174,925	0	189,107	0
Total		1,011,945	25,382	960,765	27,689

The impairment of trade receivables developed as follows:

€k		
	2021	2020
Impairment situation as of 1 January	27,689	13,285
Exchange rate differences / consolidation	177	327
Use	852	842
Reversal	2,483	1,226
Allocations (impairment expenses)	851	16,145
Impairment situation as of 31 December	25,382	27,689

Expenses from the immediate write-off of trade receivables amounted to €860 thousand (prior year: €1,091 thousand). As of the end of the year, income from payments received on written-off receivables amounted to €213 thousand (prior year: €72 thousand).

For the disclosures pursuant to IFRS 7, the trade receivables are, depending on their maturity, allocated to the classes "current trade receivables" (€902,140 thousand; prior year: €855,604 thousand) and "non-current trade receivables" (€13,273 thousand; prior year: €14,968 thousand) and to the classes "current leasing receivables" (€26,584 thousand; prior year: €21,569 thousand) and "non-current leasing receivables" (€44,566 thousand; prior year: €40,935 thousand).

13 TIME DEPOSITS AND SECURITIES

€k				
	31.12.2021		31.12.2020	
	Current	Non-current	Current	Non-current
Time deposits	0	0	40,002	0
Securities	0	0	0	0
Time deposits and securities	0	0	40,002	0

The time deposits from the prior year reached maturity in the reporting period and were received by the group in the form of cash and cash equivalents.

14 OTHER ASSETS

	€ k			
	31.12.2021		31.12.2020	
	Current	Non-current	Current	Non-current
Refunds and other receivables from suppliers	61,524	0	58,971	0
Contract assets	28,663	0	28,029	0
Unrealised gains from financial derivatives	4,117	0	729	0
Rental deposits	214	3,149	313	3,034
Due from staff	322	116	346	123
Insurance refunds	3	183	23	75
Others	1,425	2	221	2
Total financial assets	96,268	3,450	88,632	3,234
Accrued income	24,400	2,576	17,426	3,762
Accrued income for customer maintenance agreements	24,528	0	30,593	452
VAT receivable	7,384	0	5,874	0
Social security claims	1,113	0	1,016	0
Advance payments	5	0	5	0
Receivables from other taxes	0	0	382	0
Total non-financial assets	57,430	2,576	55,296	4,214
Other assets	153,698	6,026	143,928	7,448

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 €28,663 thousand (prior year: €28,029 thousand). In accordance with IFRS 9, a risk provision in the amount of €146 thousand (prior year: €153 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 pursuant to IFRS 7, financial instruments included in other assets are allocated to


- “other financial assets” in the amount of €95,601 thousand (prior year: €91,137 thousand) and
- “financial derivatives” in the amount of €4,117 thousand (prior year: €729 thousand).

15 CASH AND CASH EQUIVALENTS

The cash and cash equivalents amounting to €431,751 thousand (prior year: €363,171 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 pursuant to 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 150

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

According to the resolution of the Annual General Meeting on 15 June 2021, the company's equity was increased from company funds pursuant to Sections 207 et seq. of the German Stock Corporation Act (AktG) by €84,000 thousand to €126,000 thousand by converting a partial amount of €84,000 thousand of the capital reserve presented in the balance sheet as of 31 December 2020 to equity. The capital increase was implemented by issuing 84,000,000 new no-par bearer shares with a calculated share of €1.00 each in the share capital. The new shares are entitled to profit from 1 January 2021.

The company's share capital as of 31 December 2021 amounted to €126,000 thousand, divided into 126,000,000 (prior year: 42,000,000) ordinary shares of a calculated nominal value of €1.00 each. Each share has one vote.

On 29 July 2021, the capital increase was entered in the trade register and became effective.

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 issued capital by up to €18,900 thousand by issuing new bearer shares (authorised capital according to the resolution of the Annual General Meeting of 15 June 2021) until 14 June 2026.

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:

- Case 1: the capital increase is performed against cash contributions, does not exceed €12,600 thousand at the time of the issue and the issue price is not significantly below the listed price or
- Case 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 €40,288 thousand as of 31 December 2021 (prior year: €124,228 thousand).

RETAINED EARNINGS

Accrued profits. At the Annual General Meeting on 15 June 2021, a resolution was adopted to pay out a dividend of €1.35 per no-par share with dividend entitlement for the fiscal year 2020 (dividend total: €56,700 thousand). The dividend was paid out on 18 June 2021. In the prior year, a dividend total of €50,400 thousand was paid out on 2 June 2020.

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 €69,300 thousand for the fiscal year 2021 for the payment of a normal dividend of €0.55 per no-par share with dividend entitlement.

Apart from the dividend paid out for the fiscal year 2020, the retained earnings in the reporting period also changed by the comprehensive income of €247,785 thousand, consisting of earnings after taxes (€231,446 thousand) and other comprehensive income (€16,339 thousand). Accordingly, the retained earnings as of 31 December 2021 amounted to €1,186,886 thousand (prior year: €995,801 thousand). Apart from the dividend payment, a change from the comprehensive income amounting to €197,587 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:

	31.12.2021			31.12.2020		
	Before taxes	Income tax effects	After taxes	Before taxes	Income tax effects	After taxes
	Actuarial gains and losses on pension provisions	10,854	-2,096	8,758	-10,456	2,163
Unrealised gains and losses on hedges	1,371	-102	1,269	536	213	749
Hedging of net investments in foreign operations	-26,619	7,903	-18,716	-8,507	2,447	-6,060
Currency translation differences	38,615	0	38,615	27,191	0	27,191
Other comprehensive income	24,221	5,705	29,926	8,764	4,823	13,587

€k

	01.01–31.12.2021			01.01–31.12.2020		
	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	21,310	-4,259	17,051	775	-218	557
Items that will be reclassified to profit or loss in subsequent periods						
Unrealised gains and losses on hedges	835	-315	520	-952	219	-733
Gains and losses that arose in the current period	1,059	-315	744	-728	219	-509
Reclassifications to profit and loss	-224	0	-224	-224	0	-224
Hedging of net investments in foreign operations	-18,112	5,456	-12,656	5,959	-1,790	4,169
Gains and losses that arose in the current period	-18,112	5,456	-12,656	5,959	-1,790	4,169
Reclassifications to profit and loss	0	0	0	0	0	0
Currency translation differences	11,424	0	11,424	1,047	0	1,047
Other comprehensive income	15,457	882	16,339	6,829	-1,789	5,040

€k

Thus, the other comprehensive income amounted to €16,339 thousand (prior year: €5,040 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 2020, the company did not hold any treasury shares as of 31 December 2021.

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 €1,353,114 thousand, Bechtle's equity as of 31 December 2021 reached a high level that represented a year-on-year improvement (€1,162,029 thousand). In the reporting period, the equity (+16.4 per cent) grew at a higher rate than the debt capital (+9.3 per cent), which is reflected in a higher equity ratio of 44.8 per cent (prior year: 43.2 per cent). The increase in debt capital resulted especially from higher trade payables, increased contract liabilities as well as the other liabilities, which include liabilities to employees. In the reporting period, the existing loans were repaid according to schedule, in some cases even prematurely. The higher earnings after taxes resulted in a higher return on equity of 20.4 per cent (prior year: 19.5 per cent). The return on assets increased to 9.0 per cent (prior year: 8.3 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 2021, Bechtle had cash and cash equivalents as well as time deposits and securities amounting to €431,751 thousand (prior year: €403,173 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 €693,694 thousand as of 31 December 2021 (prior year: €652,674 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 2021 and 31 December 2020, 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, in France and of 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 93.8 per cent (prior year: 93.4 per cent) of the group-wide pension obligation and 97.8 per cent (prior year: 97.6 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 €36,089 thousand (prior year: €34,841 thousand). In France, the contributions to the statutory pension fund totalled €3,350 thousand (prior year: €2,954 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. 80 et seq. 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 €17,741 thousand accrued in the course of the reporting period. Taking exchange rate differences amounting to plus €821 thousand into consideration, the actuarial gains recognised as retained earnings as of 31 December 2021 amounted to €10,597 thousand (prior year: loss of €7,965 thousand), less €1,850 thousand (prior year: €1,651 thousand) in deferred tax assets.

In the reporting period, net pension expenses to be recognised exceeded the employer contributions paid by €268 thousand. This amount was recognised as an expense in personnel expenses.

After factoring in the other exchange rate differences amounting to plus €178 thousand, the total net obligation and thus the pension provisions to be accounted for as of 31 December 2021 amounted to €4,023 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 involves 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.

As of 31 December 2021, the pension provision increased €576 thousand to €5,310 thousand. In the course of the reporting period, actuarial gains amounting to €456 thousand accrued; thus, the actuarial losses recognised in retained earnings as of 31 December 2021 amounted to €843 thousand (prior year: €1,299 thousand), less €253 thousand (prior year: €390 thousand) in deferred tax assets.

In the reporting period, net pension expenses to be recognised through profit or loss exceeded the employer contributions paid by €1,323 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 2021, the pension provision amounted to €3,661 thousand (prior year: €4,969 thousand). In the course of the reporting period, actuarial gains amounted to €2,292 thousand (prior year: loss of €384 thousand), as the underlying service time was adjusted due to an IFRS IC clarification. As of 31 December 2021, the actuarial gains recognised in retained earnings thus amounted to €1,100 thousand, less deferred tax liabilities amounting to €499 thousand.

In the reporting period, net pension expenses to be recognised through profit or loss exceeded the employer contributions paid by €984 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 2021 amounted to €12,994 thousand (prior year: €31,022 thousand).

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

	€ k	
	2021	2020
Present value of the defined benefit obligation 01.01	216,972	195,146
Current service cost (for pension entitlements in the reporting period)	9,613	7,660
Interest cost (for pension entitlements already acquired)	256	441
Employee contributions	4,470	4,261
Actuarial gains and losses		
based on demographic development	-8,350	0
based on changes in financial assumptions	-7,839	3,541
based on experience	5,272	5,324
Curtailement	0	0
Addition by acquisition	0	2,065
Disposal by divestments	0	0
Other events	-2,033	0
Retirement benefits paid	-8,303	-353
Past service cost	-1,153	-1,663
Reclassification from other provisions	0	0
Exchange rate differences	9,036	550
Present value of the defined benefit obligation 31.12	217,941	216,972

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

	€ k	
	2021	2020
Fair value of the plan assets 01.01	185,950	164,444
Interest income	210	360
Employee contributions	4,470	4,260
Employer contributions	6,281	5,650
Expenses/income from plan assets included in other comprehensive income	9,573	9,658
Curtailement	0	0
Addition by acquisition	0	1,826
Disposal by divestments	0	0
Other events	-2,033	0
Retirement benefits paid	-8,013	-307
Administrative expenses	-349	-405
Reclassification from other provisions	0	0
Exchange rate differences	8,858	464
Fair value of the plan assets 31.12	204,947	185,950

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

	€k	
	31.12.2021	31.12.2020
Present value of the defined benefit obligation	217,941	216,972
Fair value of the plan assets	204,947	185,950
Net obligation	12,994	31,022
Pension provision accounted for	12,994	31,022

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

	€k	
	2021	2020
Current service cost (for pension entitlements in the reporting period)	9,613	7,660
Interest cost (for pension entitlements already acquired)	256	441
Interest income	-210	-360
Past service cost	-1,153	-1,663
Administrative expenses	349	405
Net pension expenses for benefit commitments	8,855	6,483

As of 31 December 2021 and 31 December 2020, respectively, the defined benefit plans and their actuarial measurement were based on the following parameters:

	Pension plans Switzerland		Pension plans Germany		Pension plans France	
	2021	2020 ¹	2021	2020	2021	2020
Discount rate and expected interest	0.3%	0.1%	1.0%	0.8%	1.0%	0.5%
Inflation rate	0.75%	0.75%	n/a	n/a	2.5%	n/a
Salary increase (including inflation rate)	1.0%	1.0%	1.5%	1.5%	1.4%	1.4%
Pension increase	0.0%	0.0%	1.8%	1.8%	1.4%	1.4%
Retirement likelihood, mortality, invalidity	OPA 2020 Gen.	OPA 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 2021	INSEE TVTD 2015 2017
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 2021	INSEE TVTD 2015 2017
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

¹ Including 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, it was examined which of the parameters have a material impact on the obligation. 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		Pension plans Germany		Pension plans France	
Discount rate	+0.5 %	-0.5 %	+1.0 %	-1.0 %	+0.5 %	-0.5 %
	Obligation decreases 6.1% (6.8%)	Obligation increases 7.0% (7.9%)	Obligation decreases 10.9% (12.2%)	Obligation increases 13.7% (15.5%)	Obligation decreases 8.0% (8.3%)	Obligation increases 8.9% (9.3%)
Expected interest	+0.5 %	-0.5 %				
	Obligation increases 1.9% (2.1%)	Obligation decreases 1.9% (2.0%)				

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

	31.12.2021	
	Plan assets	Measurement class (IFRS 13)
Obligations	23.6%	Level 1
Equity instruments	39.5%	Level 1
Real estate fund	23.2%	Level 1
Other assets	11.4%	Level 2
Liquidity	2.2%	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 15.0 years for those insured at the Swiss pension fund, 12.3 years for Bechtle Onsite Services GmbH and 19.0 years for the obligations in France.

The return on plan assets totalled €9,783 thousand in the reporting period (prior year: €10,018 thousand).

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

	€k
	2021
Due within one year	11,486
Due in 2 to 5 years	41,399
Due in 6 to 10 years	39,440
Net pension expenses for benefit commitments	92,325

For 2022, the actuarial opinions for the pension plans in Switzerland, Germany and France forecast employee contributions of €8,614 thousand to the defined benefit plans. The expected employer contributions to the plan assets amount to €6,251 thousand. As the plan assets are expected to decrease to €203,762 thousand in the fiscal year 2022, meaning the expected net obligation is €17,164 thousand. The net pension expenses for benefit commitments are projected to amount to €8,916 thousand.

18 OTHER PROVISIONS

							€k
	01.01.2021	Currency translation	Use	Reversal	Addition	Change in scope of consolidation	31.12.2021
Guarantees and similar obligations	6,739	25	4,724	51	5,205	1	7,195
Personnel expenses	16,978	13	7,811	148	3,552	0	12,584
Legal and consulting expenses	1,183	0	245	454	223	0	707
Investor relations	223	0	223	0	600	0	600
Contractual penalties	0	0	0	0	13,000	0	13,000
Others	8,763	12	3,284	4,751	3,957	-86	4,611
Total other provisions	33,886	50	16,287	5,404	26,537	-85	38,697
Other non-current provisions	11,055	20	26	59	389	0	11,379
Other current provisions	22,831	30	16,261	5,345	26,148	-85	27,318

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. Most of the **legal and consulting costs** relate to costs for consulting services. In the reporting period, provisions were recognised for potential **contractual penalties** from existing framework agreement due to delivery delays in the amount of €13,000 thousand. 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, a new loan of €4,300 thousand was raised for a term of nine years for real-estate financing purposes. Moreover, the financial liabilities now also include long-term supplier loans due to acquisitions, which will be repaid by 2024. As in the prior year, €224 thousand were reclassified from accumulated other comprehensive income to interest earnings in connection with an interest hedge already paid out. As of the cut-off date, the remaining balance of the interest hedge amounted to €1,022 thousand (prior year: €1,246 thousand).

Other financial liabilities included other current account debts amounting to €1,344 thousand (prior year: €202 thousand).

The company has **credit lines** of €45,505 thousand (prior year: €33,005 thousand), which can be used both for cash loans and for guarantee credit. As of the balance sheet date, €28,885 thousand (prior year: €17,249 thousand) had been utilised for guarantee credit. 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 €5,610 thousand (prior year: €5,051 thousand), €270 thousand of which (prior year: €40 thousand) had been utilised as of the balance sheet date. Apart from this, Bechtle has committed cash credit lines amounting to €75,000 thousand (prior year: €75,000 thousand), which had not been utilised as of the balance sheet date. In the reporting period, Bechtle also had uncommitted cash credit lines amounting to €56,950 thousand (prior year: €56,739 thousand), which had not been utilised as of the balance sheet date. In total, the unused credit lines amounted to €153,910 thousand (prior year: €152,506 thousand).

In the reporting period, the Bechtle Group adjusted all required processes and contracts in accordance with the IBOR reform. The change mainly related to the European reference interest rate EURIBOR, whose reform has already been completed. The new regulations do not have any significant effects on Bechtle's consolidated financial statements.

For the disclosures pursuant to IFRS 7, the financial liabilities are allocated in full to the "loans" class, as in the prior year.

20 TRADE PAYABLES

For the disclosures pursuant to IFRS 7, the trade payables are allocated to "current trade payables" in the amount of €613,228 thousand (prior year: €425,875 thousand) and to "non-current trade payables" in the amount of €747 thousand (prior year: €6,262 thousand). The non-current liabilities that had been recognised in the prior year for large projects and the associated contract terms with suppliers became current in the reporting period.

21 OTHER LIABILITIES

	€k			
	31.12.2021		31.12.2020	
	Current	Non-current	Current	Non-current
Leasing liabilities	43,626	100,124	40,190	105,551
Liabilities to employees	113,128	0	97,799	0
Liabilities to customers	23,031	1,418	23,260	119
Customer bonus	5,212	0	7,236	0
Vehicle expenses	3,461	0	3,179	0
Liabilities resulting from acquisitions	710	2,281	908	2,914
Rent and ancillary rental costs	1,497	0	890	0
Unrealised losses from financial derivatives	1,471	0	1,641	0
Annual financial statement costs	940	0	755	0
Interest	606	0	721	0
Advertising	553	0	749	0
Telephone/Internet	381	0	350	0
Insurances	204	0	291	0
Travel expenses and expenditures	157	0	137	0
Transportation charges	155	0	219	0
Others	3,525	0	4,291	0
Total financial liabilities	198,657	103,823	182,616	108,584
VAT liability	42,676	0	48,277	0
Wage and church tax	11,954	0	11,881	0
Social security contributions	11,424	0	9,224	0
Liabilities from other taxes	1,927	7	1,923	6
Total non-financial liabilities	67,981	7	71,305	6
Other liabilities	266,638	103,830	253,921	108,590

Liabilities to employees mainly concern outstanding bonuses and employee commission. In the reporting period, earn-outs in the amount of €937 thousand were paid out due to the fulfilment of agreed revenue and earnings targets.



See Bechtle as Lessee, page 221 f

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

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

- “other financial liabilities” in the amount of €154,268 thousand (prior year: €139,996 thousand);
- “non-current lease liabilities” in the amount of €100,124 thousand (prior year: €105,551 thousand);
- “current lease liabilities” in the amount of €43,626 thousand (prior year: €40,190 thousand);
- “liabilities resulting from acquisitions” in the amount of €2,991 thousand (prior year: €3,822 thousand); and
- “financial derivatives” in the amount €1,471 thousand (prior year: €1,641 thousand).

22 CONTRACT LIABILITIES

Contract liabilities mainly consisted of customer down payments received and service agreements paid in advance in the amount of €181,433 thousand as of 31 December 2021 (prior year: €151,478 thousand).

	€ k	
	31.12.2021	31.12.2020
Current contract liabilities	161,643	130,594
Non-current contract liabilities	19,790	20,884

23 DEFERRED INCOME

As of 31 December 2021, deferred income amounted to €35,813 thousand (prior year: €29,495 thousand), €2,581 thousand of which is of a non-current nature (prior year: €2,393 thousand).

V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2021 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 €284,492 thousand (prior year: €317,453¹ 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. In the reporting period, the operating cash flow was only slightly below the prior-year figure. Changes to balance sheet items are adjusted for assets and liabilities taken over in acquisitions and for currency translation effects.

These payments were reduced by payments received from the sale of intangible assets and property, plant and equipment as well as interest payments received.

25 CASH FLOW FROM INVESTING ACTIVITIES

In 2021, net cash used for investments in the amount of €42,940 thousand (prior year: €146,482 thousand) primarily consisted of payments for investments in intangible assets and property, plant and equipment as well as for the acquisition of companies. In the reporting period, the time deposits were not continued.



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The payments made for acquisitions comprise the purchase price payments of €21,195 thousand (prior year: €58,433 thousand) for companies acquired in the reporting period as well as additional payments for contingent purchase price increases amounting to €937 thousand (prior year: €1,016 thousand) for companies acquired in prior years. Within the scope of these acquisitions, cash and cash equivalents worth €6,292 thousand were taken over (prior year: €9,610 thousand).

¹ Adjustment prior year

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.

Currency risk 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 –€18,112 thousand (prior year: €5,959 thousand).



See page 204 ff

26 CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities factoring in the assumption and repayment of financial liabilities, dividend payments and interest and leasing payments made, net cash used for financing activities amounted to €179,356 thousand (prior year: €78,725¹ 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 €48,983 thousand (prior year: €45,993 thousand). Additionally, non-cash additions to the rights-of-use assets and lease liabilities were recognised in the amount of €46,893 thousand (prior year: €68,359 thousand). Reconciliation of the financial liabilities whose inflows and outflows are shown in the financial cash flow in the cash flow statement:

	Non-cash changes					31.12.2021
	31.12.2020	Cash flows	Acquisitions	Exchange rate effects	Changes in fair value	
Non-current financial liabilities	393,541	-82,600	0	0	0	310,941
Current financial liabilities	18,913	15,624	0	0	0	34,537
Total financial liabilities	412,454	-66,976	0	0	0	345,478

€ k

	Non-cash changes					31.12.2020
	31.12.2019	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	4,476	636	0	0	18,913
Total financial liabilities	387,675	24,143	636	0	0	412,454

€ k

¹ Adjustment prior year

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 31.12.2021	Fair value 31.12.2021	Carrying amount 31.12.2020	Fair value 31.12.2020	Level
Assets						
Non-current trade receivables	AC	13,273	12,919	14,968	14,030	3
Current trade receivables	AC	902,140	902,140	855,604	855,604	2
Non-current leasing receivables	n/a	44,566	43,329	40,935	38,398	3
Current leasing receivables	n/a	26,584	26,584	21,569	21,569	2
Time deposits						
Fixed-term deposits	AC	0	0	40,002	40,002	2
Other financial assets	AC	95,601	95,601	91,137	91,137	3
Financial derivatives						
Derivatives accounted for as hedges	n/a	464	464	99	99	2
Derivatives not accounted for as hedges	FVTPL	3,653	3,653	630	630	2
Cash and cash equivalents	AC	431,751	431,751	363,171	363,171	1
Equity and Liabilities						
Loans	AC	345,478	366,574	412,454	447,205	2
Non-current trade payables	AC	747	747	6,262	6,469	3
Current trade payables	AC	613,228	613,228	425,875	425,875	2
Non-current leasing liabilities	n/a	100,124	100,145	105,551	106,853	3
Current leasing liabilities	n/a	43,626	43,626	40,190	40,190	2
Other financial liabilities	AC	154,268	154,268	139,996	139,996	3
Liabilities resulting from acquisitions	FVTPL	2,991	2,991	3,822	3,822	3
Financial derivatives						
Derivatives accounted for as hedges	n/a	104	104	0	0	2
Derivatives not accounted for as hedges	FVTPL	1,367	1,367	1,641	1,641	2
Thereof aggregated according to measurement category pursuant to IFRS 9						
	AC	2,556,486	2,577,228	2,349,469	2,383,489	
	FVTPL	8,011	8,011	6,093	6,093	

Abbreviations used for the measurement categories of IFRS 9:

AC = Acquisition costs

FVTPL = Fair value through profit or loss

Pursuant 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 13.42 et seq.) 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 €67 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 21 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 2022 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 €19 thousand lower (€19 thousand higher), and the non-current lease receivables would be €65 thousand lower (€65 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 €5 thousand lower (€5 thousand higher), and the fair value of the loans would be €17 thousand lower (€17 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, other financial assets, current trade payables, cash and cash equivalents** and **other financial liabilities**.

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 financial instruments measured in Level 3 at fair value developed as follows:

Financial assets and liabilities in Level 3	01.01.2021	Total gains and losses			Additions	Compensation/settlement	Reclassification	31.12.2021
		Included in financial earnings	recognised as profit or loss in the income statement					
Liabilities resulting from acquisitions	3,822	72	34	0	-937	0	2,991	

Financial assets and liabilities in Level 3	01.01.2020	Total gains and losses			Additions	Compensation/settlement	Reclassification	31.12.2020
		Included in financial earnings	recognised as profit or loss in the income statement					
Liabilities resulting from acquisitions	13,640	370	-18	2,581	-12,751	0	3,822	

The €72 thousand (prior year: €370 thousand) posted as expenses under financial earnings were attributable to future payments for liabilities for acquisitions, accounted for as of 31 December 2021.

The expenses, income, gains and losses from financial instruments can be categorised as follows (net earnings):

Net gain or loss by measurement categories	2021	2020
Assets AC	3,473	-15,493
Assets FVTPL	3,657	629
Liabilities AC	-5,404	-7,689
Liabilities FVTPL	-1,437	-2,011
Net earnings	289	-24,564

The presented financial assets and financial liabilities include the total interest income, the total interest expense, the expenses from impairment and the gains and losses from changes in fair value, from disposals and from currency translation.

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:

	2021			2020		
	Gross liabilities	Gross assets	Net amount accounted for	Gross liabilities	Gross assets	Net amount accounted for
Financial Assets						
Current trade receivables	1,757	903,897	902,140	732	856,336	855,604
Refunds and other receivables from suppliers	1,816	63,340	61,524	551	59,522	58,971
Financial liabilities						
Current trade payables	621,382	8,154	613,228	432,328	6,453	425,875
Current liabilities to customers	23,178	147	23,031	23,277	17	23,260

The trade receivables include liabilities to customers amounting to €1,757 thousand, and the liabilities to customers include receivables from customers amounting to €147 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 €8,154 thousand, and the receivables from suppliers contain liabilities in the amount of €1,816 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.

DISCLOSURES ON RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Currency risk. 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. In the reporting period, Bechtle made use of the following currency futures in order 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):

Currency relationship	2021				2020			
	Nominal amount hedging instrument	Hedge gain/loss (entered in OCI)	Income tax effect	Average hedging rate	Nominal amount hedging instrument	Hedge gain/loss (entered in OCI)	Income tax effect	Average hedging rate
EUR/CHF	394,623	-17,667	-5,322	1.09	181,418	4,980	1,496	1.06
EUR/GBP	14,743	-492	-148	0.87	13,793	842	253	0.84
EUR/PLN	2,572	54	16	4.51	2,339	67	20	4.36
EUR/HUF	835	17	5	362.86	859	50	15	342.38
EUR/CZK	646	-24	-7	26.06	743	19	6	25.58

On the other hand, the consolidated equity underwent a positive effect in the amount of €11,424 thousand (prior year: €1,047 thousand) from currency translation differences. These were largely caused by EUR/CHF conversion.

Apart from the above-mentioned hedges of a net investment in a foreign operation, Bechtle made use of other hedges to hedge its business operations. The gain that corresponds to the effective part of the currency hedges (cash flow hedge) (€349 thousand) was recognised in other comprehensive income outside profit or loss, taking into account deferred taxes (€102 thousand). For this, an average EUR/USD rate of 1.15 was hedged. The share of the hedges whose associated liability has already been accounted for was posted through profit or loss (gain: €32 thousand).

Apart from the said individual cases that are accounted for as hedges, 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 year as well as the buy and sell obligations as of the balance sheet date.

Currency pair		2021		31.12.2021	2020		31.12.2020
		Purchase (volume)	Sale (volume)	Purchase (+) or sale obligation (-)	Purchase	Sale	Purchase (+) or sale obligation (-)
EUR/CHF	CHFk	305	3,949	-300	20	0	5,493
EUR/CZK	CZKk	764	3,436	-264	706	2,826	-235
EUR/GBP	GBPk	2,015	3,127	-94	5,913	9,629	-2,395
EUR/HUF	HUFk	150,000	187,800	0	3,548	42,581	-3,548
EUR/NOK	NOKk	119,477	65,700	119,187	232,099	37,946	185,337
EUR/PLN	PLNk	89	1,155	-89	192	1,153	-96
EUR/SEK	SEKk	4,775	2,329	0	2,000	0	543
EUR/USD	USDk	332,554	71,307	120,782	164,801	66,658	17,167
CHF/EUR	EURk	8,901	0	6,042	18,236	0	0
CHF/GBP	GBPk	0	0	0	0	0	0
CHF/NOK	NOKk	16,640	0	4,925	41,087	0	0
CHF/SEK	SEKk	0	0	0	0	0	0
CHF/USD	USDk	2,443	0	0	4,769	2,800	0
GBP/EUR	EURk	121	0	121	0	0	0

The measurement of these open currency transactions resulted in a gain of €2,484 thousand (prior year: €31 thousand), which was recognised through profit or loss.

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			
	2021		2020	
Effects of a 10% value loss (or increase) of the euro against				
USD	+39,036	(-39,036)	+2,865	(-2,865)
CHF	-7,340	(+7,340)	-10,489	(+10,489)
NOK	+2,118	(-2,118)	+1,505	(-1,505)
GBP	+187	(-187)	+112	(-112)
PLN	-124	(+124)	-193	(+193)
CZK	-48	(+48)	-123	(+123)
HUF	-39	(+39)	-11	(+11)
SEK	+28	(-28)	+18	(-18)
DKK	-1	(+1)	+3	(-3)
JYN	+1	(-1)	0	0
CAD	+1	(-1)	0	0

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			
	2021		2020	
Effects of a 10% value loss (or increase) of the euro against				
CHF	+45,281	(-45,281)	+38,077	(-38,077)
GBP	+1,628	(-1,628)	+1,260	(-1,260)
PLN	+304	(-304)	+206	(-206)
HUF	+86	(-86)	+74	(-74)
USD	+49	(-49)	+23	(-23)
CZK	+35	(-35)	+53	(-53)

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 central 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 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 €4,318 thousand (prior year: €3,657 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. Bechtle has credit lines that can be used both for cash loans and for guarantee credit. Detailed information on this is presented in (19) Financial Liabilities.

The liquidity risk is controlled and monitored on a weekly basis with the aid of a 14-day liquidity forecast.

	€k				
	Financial liabilities				
	Loans	Other current non-derivative liabilities	Trade payables	Leasing liabilities	Other financial liabilities
Carrying amount 31.12.2021	344,134	1,344	613,975	143,750	158,730
Cash flow 2022					
Interest	4,573	0	37	608	46
Repayment	33,193	1,344	613,228	43,626	155,031
Cash flow 2023–2024					
Interest	8,053		31	687	14
Repayment	58,501		470	55,295	3,276
Cash flow 2025–2026					
Interest	5,704		16	314	0
Repayment	140,698		272	23,896	423
Cash flow 2027–2028					
Interest	3,970		0	186	
Repayment	109,516		2	20,933	
Cash flow 2029–2030					
Interest	9		0		
Repayment	2,226		2		
Cash flow 2031–2032					
Interest			0		
Repayment			1		



For further disclosures on the liquidity see page 130



For information on the cash flows of the financial liabilities, see page 195

€k

	Financial liabilities				
	Loans	Other current non-derivative liabilities	Trade payables	Leasing liabilities	Other financial liabilities
Carrying amount 31.12.2020	412,252	202	432,137	145,741	145,459
Cashflow 2021					
Interest	5,466	0	96	631	61
Repayment	36,508	202	425,875	40,190	142,426
Cashflow 2022–2023					
Interest	9,147		72	759	64
Repayment	117,560		5,941	53,394	3,028
Cashflow 2024–2025					
Interest	7,511		0	378	0
Repayment	142,241		320	26,044	5
Cashflow 2026–2027					
Interest	3,855		0	241	
Repayment	11,590		1	26,113	
Cashflow 2028–2029					
Interest	1,871				
Repayment	104,353				



For further disclosures on the risk management, see page 129 f

The cash and cash equivalents are spread over 26 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 25 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 30 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.

In 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 chain 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, Austria, Belgium, Switzerland and, since recently, in the Netherlands, ensuring special customer proximity by means of its decentralised organisation with about 80 locations for wide geographic coverage.

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. The Bechtle direct brand is currently established in 14 European countries and focuses on classic hardware and software from market-leading vendors. The Comsoft direct and Inmac WStore brands are active in France only. In the Netherlands, Bechtle is also represented with the ARP and Buyitdirect brands. The Comsoft direct software licensing brand is present in three 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. Internally, no transition to the changed principal versus agent (PvA) accounting is performed. Rather, the management takes place on the basis of the business volume (gross revenue). A combination 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 segment 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. As previously, the management takes place on the basis of the business volume. 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 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 the business volume 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 172f**

By segments	2021					2020				
	IT System House & Managed Services	IT E-Commerce	Total group before PvA	Reconciliation PvA	Total group after PvA	IT System House & Managed Services	IT E-Commerce	Total group before PvA	Reconciliation PvA	Total group after PvA
	Total segment business volume	4,017,479	2,277,850				3,906,465	1,962,380		
less intersegment business volume	-45,404	-4,131				-42,891	-6,711			
Business volume (gross revenue)	3,972,075	2,273,719	6,245,794	-940,305	5,305,489	3,863,574	1,955,669	5,819,243	-768,972	5,050,271
Depreciation and amortisation	-65,898	-21,607	-87,505		-87,505	-63,315 ¹	-18,971 ²	-82,286		-82,286
Segment result	220,795	120,424	341,219		341,219	188,362	104,444	292,806		292,806
Depreciation and amortisation from acquisitions	-8,558	-6,940	-15,498		-15,498	-8,911	-6,940	-15,851		-15,851
Earnings before financial earnings and taxes	212,237	113,484	325,721		325,721	179,451	97,504	276,955		276,955
Financial earnings			-5,221		-5,221			-6,250		-6,250
Earnings before taxes			320,500		320,500			270,705		270,705
Income taxes			-89,054		-89,054			-78,158		-78,158
Earnings after taxes			231,446		231,446			192,547		192,547
Investments	78,145	27,133	105,278		105,278	107,165	27,388	134,553		134,553
Investments through acquisitions/divestment	21,551	0	21,551		21,551	65,167	625	65,792		65,792

¹ of which €132 thousand unscheduled depreciation of furniture, fixtures and fittings

² of which €67 thousand unscheduled depreciation of furniture, fixtures and fittings

The internal management does not take place on the basis of the changed PvA accounting, but continues to focus on the business volume (gross revenue). For this reason, a reconciliation with the external revenue is necessary for the presentation of the total group. Depreciation and amortisation concern the ongoing depreciation and amortisation of intangible assets and property, plant and equipment. Depreciation and amortisation from acquisitions result from the assets newly identified in the context of the purchase price allocation.

In the IT System House & Managed Services segment, unscheduled depreciation in the amount of €132 thousand was applied to furniture, fixtures and fitting in the prior year addition to the scheduled depreciation. In the IT E-Commerce segment, unscheduled depreciation in the amount of €67 thousand was applied to furniture, fixtures and fitting in the prior year addition to the scheduled depreciation.

By segments	2021			2020		
	IT System House & Managed Services	IT E-Commerce	Total group	IT System House & Managed Services	IT E-Commerce	Total group
	Total segment assets	1,922,448	1,101,352		1,758,584	934,044
less intersegment receivables	-3,764	-268		-5,264	-248	
Assets	1,918,684	1,101,084	3,019,768	1,753,320	933,796	2,687,116
Total segment liabilities	1,149,338	521,348		1,073,639	456,960	
less intersegment liabilities	-268	-3,764		-248	-5,264	
Liabilities	1,149,070	517,584	1,666,654	1,073,391	451,696	1,525,087

€ k

By regions	2021			2020		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
Revenue	3,354,639	1,950,850	5,305,489	3,260,012 ¹	1,790,259 ¹	5,050,271 ¹
Investments	80,018	25,260	105,278	99,082	35,471	134,553
Investments through acquisitions/ divestment	-364	21,915	21,551	56,170	9,622	65,792

¹ Adjustment prior year

Of the consolidated revenue generated abroad, France accounted for €690,143 thousand (prior year: €593,911 thousand¹), Switzerland for €310,111 thousand (prior year: €338,170 thousand¹) and the Netherlands for €336,704 thousand (prior year: €313,221 thousand¹). 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	2021			2020		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
Assets	1,738,605	1,281,163	3,019,768	1,579,822	1,107,294	2,687,116
thereof non-current assets	513,023	471,176	984,199	507,371	451,519	958,890
Liabilities	1,125,472	541,182	1,666,654	1,065,893	459,194	1,525,087

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 €160,635 thousand (prior year: €154,716 thousand) and France for €207,074 thousand (prior year: €210,384 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".



See page 223 f

¹ Adjustment prior year

VIII. ACQUISITIONS, PURCHASE PRICE ALLOCATION AND DIVESTMENTS

In the fiscal year 2021, Bechtle AG acquired or sold 100 per cent of the shares in the following companies:

Company	Headquarters	Date of first-time consolidation/ deconsolidation	Acquisition/ Sale
Cadmes B.V.	's-Hertogenbosch, Netherlands	1 September 2021	Acquisition
Cadmes Systems B.V.	Merelbeke, Belgium	1 September 2021	Acquisition
Open Networks GmbH	Vienna, Austria	1 November 2021	Acquisition
PSB IT-Service GmbH	Ober-Mörlen, Germany	30 June 2021	Sale

The acquisitions were recognised in the balance sheet as of the balance sheet date.

By acquiring Cadmes B.V. in the Netherlands and Cadmes Systems B.V. in Belgium, Bechtle AG has expanded its presence outside Germany, Austria and Switzerland. The reseller, which had been founded in 1991 and specialises in 3D CAD software of Dassault Systèmes SOLIDWORKS, will continue operating on its core markets in Benelux. In recent years, Cadmes has become the leading reseller of CAD, CAM and PLM solutions in Benelux. Its software, consulting and service offering is based on products of the vendors SOLIDWORKS, Mastercam, Tacton and Cimatron. The required disclosures about the transactions are presented in summarised form for the Cadmes companies.

Apart from the assets and liabilities already recognised by the acquired companies, whose carrying amounts corresponded to their fair value, customer relationships (€1,020 thousand) were newly recognised as identifiable assets with a useful life of five years and measured at fair value as of the acquisition date. Additionally, the existing contract liabilities (€1,512 thousand) were remeasured. In connection with the capitalisation and remeasurement, deferred tax liabilities (€633 thousand) were recognised.

Taking the acquired total net assets (€2,799 thousand) into consideration, the capital consolidation resulted in a total difference of €6,651 thousand, which 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.

By acquiring Open Networks GmbH, headquartered in Vienna, Bechtle has gained a highly qualified specialist and has strengthened its competitive position and service provider in the Austrian market. The company specialises in the implementation of IT infrastructure solutions as well as application services, data, centre, security and networking. Open Networks boasts the highest certifications by vendors such as Cisco, F5, Barracuda and Red Hat. For the time being, the IT service provider, founded in 2008, will continue its operations on the market as previously.

Apart from the assets and liabilities already recognised by the acquired company, whose carrying amounts corresponded to their fair value, customer relationships (€2,300 thousand) were newly recognised as identifiable assets with a useful life of five years and measured at fair value as of the acquisition date. In connection with the capitalisation of the customer relationships, deferred tax liabilities (€575 thousand) were recognised.

Taking the acquired total net assets (€2,283 thousand) into consideration, the capital consolidation resulted in a total difference of €9,463 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.

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 and deconsolidation **as they appear in the balance sheet:**

	Cadmes	Open Networks GmbH	Fair value of the acquisitions	Sale PSB IT-Service GmbH	Net fair value
€k					
Non-current assets					
Goodwill	6,651	9,463	16,114	0	16,114
Other intangible assets	1,321	2,399	3,720	2	3,718
Property, plant and equipment	2,064	17	2,081	362	1,719
Deferred taxes	0	0	0	0	0
Other assets	0	0	0	20	-20
Total non-current assets	10,036	11,879	21,915	384	21,531
Current assets					
Inventories	0	172	172	307	-135
Trade receivables	1,735	1,212	2,947	653	2,294
Other assets	4,634	177	4,812	413	4,399
Cash and cash equivalents	4,852	1,440	6,292	4	6,288
Total current assets	11,222	3,000	14,222	1,377	12,845
Total assets	21,259	14,879	36,137	1,761	34,376
Non-current liabilities					
Other provisions	13	0	13	0	13
Deferred taxes	633	575	1,208	0	1,208
Other liabilities	376	541	918	1,130	-212
Total non-current liabilities	1,022	1,116	2,139	1,130	1,009
Current liabilities					
Trade payables	3,353	997	4,350	1,564	2,786
Other provisions and liabilities	1,012	1,020	2,032	744	1,288
Contract liabilities	6,421	0	6,421	2,209	4,212
Total current liabilities	10,786	2,017	12,803	4,517	8,286
Total liabilities	11,808	3,134	14,942	5,647	9,295
Total assets - Total liabilities = Total acquisition costs / deconsolidation effect	9,450	11,745	21,195	-3,887	25,081

Taking the cash and cash equivalents taken over into consideration, the acquisition costs of the companies purchased in 2021 (€21,195 thousand) resulted in a cash outflow in the amount of €15,840 thousand. The purchase agreements of the three acquisitions do not provide for any conditional purchase price payments.

In the course of the acquisitions, an insignificant amount of transaction costs was incurred and recognised in administration expenses.

Since the acquisition, the companies have contributed a total of €10,986 thousand to the revenue and €527 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 €5,324,102 thousand (thereof Cadmes €16,955 thousand, Open Networks GmbH €12,644 thousand), and earnings after taxes would have amounted to €232,045 thousand (thereof Cadmes €402, Open Networks GmbH €724 thousand).

Under the contract dated 1 July 2021, the German subsidiary PSB IT-Service GmbH, headquartered in Ober-Mörlen, was sold. The company, which had 79 employees, had belonged to the IT System House & Managed Services segment (cash-generating unit IT System House & Managed Services). The sale resulted in earnings of €2,927 thousand in the reporting period.

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 Digital Business Services, Finance, Financial Services, Human Resources and Staff Development, Group Controlling and Risk Management, Sustainability Management, IT, Logistics & Service, Mergers & Acquisitions, Legal and Compliance, Corporate Communications and Investor Relations

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, Process and Project Management

Other mandates (all mandates are group-internal mandates):

- Chairman 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

Member of the Executive Board responsible for IT E-Commerce

Other mandates

Group-internal mandate:

- Chairman 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

	31.12.2021	31.12.2020
Dr. Thomas Olemotz	4,500	4,200 ¹
Michael Guschlbauer	0	0
Jürgen Schäfer	24,000	24,000 ¹

¹ Adjustment to share split

COMPENSATION OF THE EXECUTIVE BOARD MEMBERS

In the fiscal year 2021, the Supervisory Board determined the following total target compensation for the members of the Executive Board. The figures for the short-term variable compensation represent the compensation in the event of 130-per-cent target achievement. The long-term variable compensation is taken into consideration with 100-per-cent target achievement. Up to and including the fiscal year 2021, the long-term variable compensation was based on a three-year assessment period. From the fiscal year 2022, the assessment period is extended to four years.

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. In view of the changed accounting method, the tranches of the long-term variable compensations require an adjustment with regard to the financial performance criterion “group revenue”. The Supervisory Board is of the opinion that the group revenue as calculated according to the former accounting method (classification of Bechtle as “principal”) shall continue to be used, but only for the purpose of calculating the long-term variable compensation. Henceforth, this indicator will be referred to as “group business volume”. The compensation system for the Executive Board will be changed accordingly and, by way of precaution, submitted to the General Meeting for approval.

The expenses for the compensation of the members of the Executive Board for the fiscal year 2021 break down as follows:

€k

	Dr. Thomas Olemotz Chairman of the Executive Board		Michael Guschlbauer Board member responsible for IT System House & Managed Services, quality management		Jürgen Schäfer Board member responsible for IT E-Commerce		Total compensation	
	2021	2020	2021	2020	2021	2020	2021	2020
Executive Board compensation								
Non-performance-based compensation								
Fixed annual salary	2,000	2,000	825	825	600	600	3,425	3,425
Fringe benefits	21	21	39	39	6	9	66	69
Total	2,021	2,021	864	864	606	609	3,491	3,494
Performance-based compensation								
Bonus	962	903	553	531 ¹	423	398	1,938	1,832 ¹
Compensation in the form of a long-term incentive								
Commitment 2019 (tranche 2019 to 2021)	760	0	380	0	255	0	1,395	0
Commitment 2018 (tranche 2018 to 2020)	0	608	0	304	0	204	0	1,116
Commitments 2018 to 2020 (acquisition tranche)	0	456	0	152	0	102	0	710
Total	760	1,064	380	456	255	306	1,395	1,826
Final total	3,743	3,988	1,797	1,851¹	1,284	1,313	6,824	7,152¹

¹ Adjustment prior year

For further information on the Executive Board compensation, please refer to the separately published compensation report pursuant to Section 162 of the German Stock Corporation Act (AktG).

MEMBERS OF THE SUPERVISORY BOARD AND THEIR COMPENSATION

The Members of the Supervisory Board and their compensation were as follows:

Name	Total 2021	Total 2020
Shareholder representatives		
Kurt Dobitsch	76	45
Dr. Lars Grünert	54	35
Prof. Dr. Thomas Hess	75	46
Elke Reichart	54	35
Sandra Stegmann	76	46
Klaus Winkler	227	125
Employee representatives		
Uli Drautz	122	72
Daniela Eberle	76	46
Anastasia Polidoros	53	35
Anton Samija	54	35
Volker Strohfeld	54	35
Michael Unser	53	35
Total	974	590



For further disclosures
on the members of
the Supervisory Board,
see Appendix D,
page 236 f

All disclosures concerning the Supervisory Board that are required due to statutory regulations are summarised in Appendix D to these Notes.

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 rights of use	31.12.2021	31.12.2020
Buildings	109,445	109,510
Furniture, fixtures and fittings	388	489
Vehicle fleet	26,938	26,783

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	2021	2020
Buildings	64,698	40,795
Furniture, fixtures and fittings	451	413
Vehicle fleet	27,344	22,903

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 €43,626 thousand were recognised under other current liabilities and €100,124 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	
	2021	2020
Due within one year	2,325	2,768
Due in 1 to 2 years	1,030	1,191
Due in 2 to 3 years	670	304
Due in 3 to 4 years	523	98
Due in 4 to 5 years	41	1
Due after 5 years	1	1
Minimum lease payments	4,590	4,363

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 2021, non-guaranteed residual values exist in the amount of €5,968 thousand (prior year: €4,980 thousand).

As of the closing date, the trade receivables contained leasing receivables amounting to €71,150 thousand (prior year: €62,504 thousand). The undiscounted lease payments that are due on a yearly basis are as follows:

	€k	
	2021	2020
Due within one year	27,137	22,118
Due in 1 to 2 years	20,217	19,330
Due in 2 to 3 years	14,552	14,359
Due in 3 to 4 years	7,768	6,821
Due in 4 to 5 years	2,738	1,022
Due after 5 years	0	19
Minimum lease payments	72,412	63,669

The interest share of the lease payments in the amount of €1,261 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 €710 thousand. The capital gain in the reporting period 2021 amounted to €44 thousand.

PEOPLE AT BECHTLE

The personnel and social expenses were as follows:

	€k	
	2021	2020
Wages and salaries	732,248	687,480
Social security contributions and expenses for pension schemes and support	146,824	132,051
Personnel and social expenses	879,072	819,531

Personnel and social expenses (wages and salaries) include severance pay amounting to €827 thousand (prior year: €4,956 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:

	31.12.2021	31.12.2020	2021	2020
Full and part-time staff without absentees	11,843	11,170	11,566	11,003
Trainees without absentees	686	683	625	650
Absent employees	351	327	328	293
Temporary staff	360	371	375	348
Total	13,240	12,551	12,894	12,294

The average number of full-time and part-time employees listed above includes 125 (prior year: 124) 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:

	31.12.2021	31.12.2020	2021	2020
IT System House & Managed Services	10,156	9,736	9,901	9,477
Domestic	8,548	8,281	8,382	8,089
Abroad	1,608	1,455	1,519	1,388
IT E-Commerce	2,724	2,444	2,618	2,469
Domestic	835	674	793	687
Abroad	1,889	1,770	1,825	1,782

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

	31.12.2021	31.12.2020	2021	2020
Service	5,988	5,695	5,856	5,642
Sales	3,533	3,362	3,480	3,306
Administration	3,008	2,796	2,855	2,705
Total	12,529	11,853	12,191	11,653

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 2021 and 2020 for services rendered by the auditor of the Consolidated Financial Statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, for Bechtle AG and its subsidiaries:

	€ k	
	2021	2020
Audit of financial statements	632	660
Other attestation services	9	0
Other services	23	9
Auditor's fee	664	669

The fees for audits include the fees for the audit of the annual and Consolidated Financial Statements. The fees for other confirmation services concern the formal audit of the compensation report pursuant to Section 162 of the German Stock Corporation Act (AktG). The fees for other services comprise permissible non-audit services in connection with the review of the interim financial statements and consulting services in connection with the EU taxonomy.

RELATED-PARTY RELATIONSHIPS

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.



See page 230 ff

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 €625 thousand in the reporting period (prior year: €588 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, Germany
Coffee GmbH Computerlösungen für Fertigung und Entwicklung	Angelburg, Germany
Bechtle Financial Services AG	Berlin, Germany
Bechtle GmbH	Berlin, Germany
Bechtle ISD Verwaltungs-GmbH	Bielefeld, Germany
Bechtle IT-Systemhaus 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
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
Bechtle Data Verwaltungs-GmbH	Gaildorf, Germany
Bechtle Finanz- & Marketingservices GmbH	Gaildorf, Germany
Bechtle 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
Bechtle GmbH	Hamburg, Germany
Bechtle Mobility GmbH	Hamburg, Germany
HanseVision GmbH	Hamburg, Germany
Bechtle GmbH	Hannover, Germany

Company	Location, Germany
Bücker IT-Security GmbH	Hille, Germany
Bechtle GmbH & Co. KG	Karlsruhe, Germany
KA Bechtle Verwaltungs-GmbH	Karlsruhe, Germany
Bechtle GmbH	Köln, 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 am Rhein, Germany
Bechtle GmbH & Co. KG	Münster, Germany
Bechtle Verwaltungs-GmbH	Münster, Germany
Bechtle Clouds GmbH	Neckarsulm, Germany
Bechtle-Comsoft GmbH	Neckarsulm, Germany
Bechtle Digital Sales GmbH	Neckarsulm, Germany
Bechtle direct 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	Nürnberg, Germany
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen, Germany
Bechtle Verwaltungs-GmbH	Ober-Mörlen, Germany
Bechtle GmbH	Offenburg, Germany
Stemmer GmbH	Olching, Germany
Bechtle GmbH	Radolfzell (Lake Constance), Germany

Company	Location, 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 (formerly: FH Bechtle Verwaltungs-GmbH, Friedrichshafen, Germany)	Saarbrücken, Germany
Bechtle ISD GmbH & Co. KG	Schloß Holte-Stukenbrock, 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. The crisis in Ukraine does not involve any direct risks for Bechtle, as no significant material business relationships exist with suppliers and customers from Ukraine and Russia. It remains to be seen what the political and macro-economic consequences of this crisis will be. So far, the said events have not resulted in any negative effects on the operations and expectations after the end of the reporting period.

Neckarsulm, 4 March 2022

Bechtle AG
The Executive Board



Dr. Thomas Olemotz Michael Guschlbauer Jürgen Schäfer

SUBSIDIARIES OF BECHTLE AG

as of 31 December 2021 (Appendix A to the Notes)

64. SUBSIDIARIES – GERMANY

Company	Location
Coffee GmbH Computerlösungen für Fertigung und Entwicklung	Angelburg
Bechtle Financial Services AG	Berlin
Bechtle GmbH	Berlin
Bechtle IT-Systemhaus GmbH	Bielefeld
Bechtle GmbH & Co. KG	Bonn
Bechtle GmbH	Bremen
Bechtle GmbH & Co. KG	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
Bechtle Clouds GmbH	Neckarsulm
Bechtle-Comsoft GmbH	Neckarsulm
Bechtle Digital Sales GmbH	Neckarsulm
Bechtle direct GmbH	Neckarsulm
Bechtle E-Commerce Holding AG	Neckarsulm
Bechtle Finance GmbH	Neckarsulm
Bechtle GmbH & Co. KG	Neckarsulm

Company	Location
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
Bechtle GmbH	Offenburg
Stemmer GmbH	Olching
Bechtle GmbH	Radolfzell (Lake Constance)
Bechtle GmbH & Co. KG	Regensburg
Bechtle GmbH & Co. KG	Rottenburg (Neckar)
Bechtle GmbH (previously: FH Bechtle Verwaltungs-GmbH)	Saarbrücken
Bechtle ISD GmbH & Co. KG	Schloß Holte-Stukenbrock
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 ISD Verwaltungs-GmbH	Bielefeld
Bechtle Verwaltungs-GmbH	Bonn
Bechtle Verwaltungs-GmbH	Chemnitz
DA Bechtle Verwaltungs-GmbH	Darmstadt
BO Bechtle Verwaltungs-GmbH	Duisburg
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

Non-operating companies

Company	Location
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)

65. 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
Open Networks GmbH	Austria	Wien
planetsoftware GmbH	Austria	Wien
ARP GmbH	Austria	Wiener Neudorf
Cadmes Systems B.V.	Belgium	Merelbeke
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	Illkirch-Graffenstaden
Bechtle Comsoft SAS	France	Illkirch-Graffenstaden
Bechtle direct SAS	France	Illkirch-Graffenstaden
Bechtle Management E.u.r.l.	France	Illkirch-Graffenstaden
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

Company	Country	Location
Bechtle Management B.V.	Netherlands	Maastricht
Cadmes B.V.	Netherlands	's Hertogenbosch
Bechtle direct Polska Sp. z o.o.	Poland	Wrocław
Bechtle direct Portugal Unipessoal Lda	Portugal	Aveiro
Bechtle direct S.L.U.	Spain	Madrid
Bechtle direct SA	Switzerland	Morges
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
Aproda AG	Switzerland	St. Gallen
Solid Solutions AG	Switzerland	Zürich
ARP Datacon Ltd.	Taiwan R.O.C.	Taipei Hsien
Bechtle direct Ltd.	United Kingdom	Chippenham
Steffen Informatik Inc.	USA	Hackensack/New Jersey
Wide Vietnam Company Limited	Vietnam	Ho Chi Minh City

66. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

From 1 January to 31 December 2021 (Appendix B to the Notes)

	Costs of purchase/production						As of 31.12.2021
	As of 01.01.2021	Change in scope of consolidation	Additions	Currency translation differences	Disposals	Transfer/ restructure	
Goodwill	448,313	16,114	0	5,223	0	0	469,650
Other intangible assets							
Brands/licences	17,364	0	0	183	0	0	17,547
Customer bases	72,291	2,495	0	183	3,740	0	71,229
Purchased software	52,916	203	8,407	30	840	-19	60,697
Internally developed software	28,966	0	3,571	0	29	25	32,533
Customer service agreements	35,561	1,020	406	428	3,532	0	33,883
	207,098	3,718	12,384	824	8,141	6	215,889
Property, plant and equipment							
Property and buildings	160,180	0	9,614	313	4,079	682	166,710
Other equipment, furniture, fixtures and fittings	153,069	69	30,155	882	18,137	1,737	167,775
Advance payments and construction in progress	3,568	0	6,232	112	24	-2,425	7,463
Right-of-use assets	200,893	1,650	46,893	1,133	21,305	0	229,264
	517,710	1,719	92,894	2,440	43,545	-6	571,212
	1,173,121	21,551	105,278	8,487	51,686	0	1,256,751

From 1 January to 31 December 2020 (Appendix C to the Notes)

	Costs of purchase/production						As of 31.12.2020
	As of 01.01.2020	Change in scope of consolidation	Additions	Currency translation differences	Disposals	Transfer/ restructure	
Goodwill	397,592	50,235	0	486	0	0	448,313
Other intangible assets							
Brands/licences	17,347	0	0	17	0	0	17,364
Customer bases	71,723	1,220	0	19	671	0	72,291
Purchased software	46,189	147	8,173	2	1,595	0	52,916
Internally developed software	24,754	0	4,214	0	2	0	28,966
Customer service agreements	28,398	9,076	199	39	2,151	0	35,561
	188,411	10,443	12,586	77	4,419	0	207,098
Property, plant and equipment							
Property and buildings	125,838	0	29,731	0	1,635	6,246	160,180
Other equipment, furniture, fixtures and fittings	145,626	2,035	22,787	5	18,086	702	153,069
Advance payments and construction in progress	9,488	0	1,090	0	62	-6,948	3,568
Right-of-use assets	147,186	3,079	68,359	198	17,929	0	200,893
	428,138	5,114	121,967	203	37,712	0	517,710
	1,014,141	65,792	134,553	766	42,131	0	1,173,121

€k

Cumulative depreciations and amortisations					Carrying amount		
As of 01.01.2021	Additions	Currency translation differences	Disposals	As of 31.12.2021	As of 31.12.2021	As of 31.12.2020	
0	0	0	0	0	469,650	448,313	
2,403	1,030	0	0	3,433	14,114	14,961	
21,513	8,346	175	3,740	26,294	44,935	50,778	
36,537	9,080	24	454	45,187	15,510	16,379	
17,408	5,900	0	24	23,284	9,249	11,558	
15,996	6,122	246	3,531	18,833	15,050	19,565	
93,857	30,478	445	7,749	117,031	98,858	113,241	
26,010	4,650	9	2,476	28,193	138,517	134,170	
100,374	23,100	759	16,609	107,624	60,151	52,695	
0	0	0	0	0	7,463	3,568	
64,111	44,775	540	16,933	92,493	136,771	136,782	
190,495	72,525	1,308	36,018	228,310	342,902	327,215	
284,352	103,003	1,753	43,767	345,341	911,410	888,769	

€k

Cumulative depreciations and amortisations					Carrying amount		
As of 01.01.2020	Additions	Depreciation/ amortisation according to IAS 36	Currency translation differences	Disposals	As of 31.12.2020	As of 31.12.2020	As of 31.12.2019
0	0	0	0	0	0	448,313	397,592
1,373	1,030	0	0	0	2,403	14,961	15,974
13,558	8,623	0	3	671	21,513	50,778	58,165
29,479	8,231	0	2	1,175	36,537	16,379	16,710
12,741	4,668	0	0	1	17,408	11,558	12,013
11,957	6,198	0	-8	2,151	15,996	19,565	16,441
69,108	28,750	0	-3	3,998	93,857	113,241	119,303
22,232	3,804	0	0	26	26,010	134,170	103,606
94,124	23,171	199	2	17,122	100,374	52,695	51,502
0	0	0	0	0	0	3,568	9,488
31,097	42,213	0	19	9,218	64,111	136,782	116,089
147,453	69,188	199	21	26,366	190,495	327,215	280,685
216,561	97,938	199	18	30,364	284,352	888,769	797,580

SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

67. 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	<p>Chairman of the Supervisory Board</p> <ul style="list-style-type: none"> ■ United Internet AG, Montabaur, Germany (until 27 May 2021) ■ 1&1 AG, Maintal (since 23 February 2021) <p>Thereof mandates affiliated with the group:</p> <ul style="list-style-type: none"> ■ 1&1 Mail & Media Application SE, Montabaur (Chairman of the Supervisory Board) ■ 1&1 IONOS Holding SE, Montabaur (Member of the Supervisory Board) <p>Chairman of the Supervisory Board</p> <ul style="list-style-type: none"> ■ Nemetschek SE, Munich, Germany <p>Thereof mandates affiliated with the group:</p> <ul style="list-style-type: none"> ■ Graphisoft S.E., Budapest, Hungary (Member of the Board of Directors) (until 31 May 2021) ■ Vectorworks Inc., Columbia, U.S.A. (Member of the Board of Directors) (until 31 May 2021) <p>Member of the Supervisory Board</p> <ul style="list-style-type: none"> ■ 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	<p>Chairman of the Supervisory Board</p> <ul style="list-style-type: none"> ■ Esure Plc, Surrey, United Kingdom (since 6 January 2021) ■ SUSE S.A., Nürnberg (since 19 May 2021)
Sandra Stegmann	Since 9 June 2016	Partner, Egon Zehnder	
Klaus Winkler Chairman of the Supervisory Board	20 May 1999 until 30 November 2013 Since 12 June 2018	Chairman of the Executive Board of Heller Management SE	<p>Chairman of the Advisory Board</p> <ul style="list-style-type: none"> ■ DIEFFENBACHER GmbH, Maschinen- und Anlagenbau, Eppingen <p>Member of the Advisory Board</p> <ul style="list-style-type: none"> ■ Kapp GmbH & Co. KG, Coburg <p>Member of the Supervisory Board</p> <ul style="list-style-type: none"> ■ VOLLMER WERKE Maschinenfabrik GmbH, Biberach <p>Chairman of the Supervisory Board (group mandate with Heller)</p> <ul style="list-style-type: none"> ■ Gebr. Heller Maschinenfabrik GmbH, Nürtingen (1 July 2021 to 31 December 2021)

68. 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)
Uli Drautz Vice-Chairman of the Supervisory Board	Since 15 October 2003	Executive employee	Member of the Supervisory Board <ul style="list-style-type: none"> ■ AMARAS AG, Monheim am Rhein, Germany ■ Bechtle E-Commerce Holding AG, Neckarsulm, Germany ■ Bechtle Systemhaus Holding AG, Neckarsulm, Germany ■ Bechtle Managed Services AG, Neckarsulm, Germany ■ Bechtle Financial Services AG, Berlin, Germany
Daniela Eberle	Since 15 October 2003	Employee	
Anastasia Polidoros	Since 19 December 2019	State District Department Secretary of the ver.di Labor Union in Hesse	
Anton Samija	Since 12 June 2018	Software VIPM	
Volker Strohfeld	Since 18 June 2013	IT service engineer	
Michael Unser	Since 18 June 2013	First Authorised Representative of IG Metall Heilbronn-Neckarsulm	Member of the Supervisory Board <ul style="list-style-type: none"> ■ ThyssenKrupp SY, Essen, Germany

69. COMMITTEES OF THE SUPERVISORY BOARD

as of 31 December 2021

Audit committee	Personnel committee	Conciliation committee
Klaus Winkler (Chairman) Kurt Dobitsch Uli Drautz Daniela Eberle Sandra Stegmann	Klaus Winkler (Chairman) Uli Drautz Prof. Dr. Thomas Hess	Klaus Winkler (Chairman) Uli Drautz Michael Unser Prof. Dr. Thomas Hess

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 2021 to 31 December 2021, the consolidated balance sheet as at 31 December 2021, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from 1 January 2021 to 31 December 2021, 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 2021 to 31 December 2021. 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 at 31 December 2021, and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021, 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 2021 to 31 December 2021. 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 sale of software licenses as well as the provision of other integrated service components, there is an elevated risk of error, particularly regarding the existence and correct recognition of revenue. In addition, the application of IFRS 15 concerning the classification of Bechtle AG as principal or agent when selling software licenses requires the executive directors to exercise significant judgment regarding the application of the relevant criteria of the standard. In the course of Bechtle AG submitting the declaration to the Financial Reporting Interpretations Committee (IFRS IC) to clarify the interpretation of IFRS 15 regarding this matter, the IFRS IC performed a corresponding assessment in November 2021. Particularly on the basis of the additional insights gained from the preliminary agenda decision of the IFRS IC and taking into account enforcement proceedings, Bechtle AG reassessed the judgment exercised so far and adjusted the accounting for the sale of standard software without customization, part customization and/or customer-specific integration in indirect business, classifying itself as agent with retroactive effect.

Auditor's response. In our audit procedures, we distinguished Bechtle AG's revenue based on the type of revenue (supply of IT products, rendering of services) and the related internal processes, and tested the significant internal controls regarding the correct recognition of revenue. We also assessed whether the accounting policies of Bechtle AG regarding revenue recognition provide a suitable basis for the presentation in the consolidated financial statements. To assess the existence and correct recognition of revenue, we obtained evidence of the supply of IT products and the rendering of services in the form of customer contracts, shipping documents, acceptance records, external balance confirmations as well as payment receipts (if available) after the reporting date, in particular for those revenue transactions that took place shortly before or after the reporting date.

We performed analytical and substantive audit procedures, including relationship and correlation analyses, for revenue in its entirety.

With regard to the sale of software licenses, we assessed the contract analysis performed by the executive directors for the classification as principal or agent based on the additional insights gained from the preliminary agenda decision of the IFRS IC, in particular regarding whether the advisory services rendered by Bechtle AG in addition to the supply of software licenses are to be seen as a significant integration service and whether Bechtle AG therefore operates as the principal in trading operations with software licenses or as the agent to the customer. We verified the classification as principal or agent on a sample basis against the background of the contractual regulations.

We also assessed the aforementioned effects of the change in accounting for revenue recognition in the reporting year and the adjustments made in the prior year, including the related disclosures in section II. and section III. (1) of the notes to the consolidated financial statements, using the documents and calculations provided.

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 classification 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 balance sheet item. 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 as a whole, the potential effects of the COVID-19 pandemic and the continuous increase in global supply shortages. 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 and the continuous increase in global supply shortages on the business performance with the management board and reviewed whether the effects have been taken into account for both of 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.

OTHER INFORMATION

The supervisory board is responsible for the report of the supervisory board pursuant to Sec. 171 (2) AktG ["Aktengesetz": German Stock Corporation Act]. The executive directors and the supervisory board are responsible for the declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code, which is part of the declaration 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 applicable 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 Sec. 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 on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion. We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached file "Bechtle_Konzernabschluss_2021.zip" (SHA-256-checksum: a86013b92b5f6fb8983b0602f8835579ba48b8f9b3d-923b06cb26dee615ff805) 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 work extends only 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 within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion. We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (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 rendering 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 supervisory board is responsible for overseeing the process for preparing 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 assurance work. 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 rendering 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) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation. We were appointed as group auditor by the annual general meeting on 15 June 2021. We were engaged by the supervisory board on 18 June 2021. 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).

Other matter – use of the auditor's report. Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement. The German Public Auditor responsible for the engagement is Michael Heller.

Appendix 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" section of the group management report
- the Corporate Governance Statement, 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 that were provided to us prior to us issuing this auditor's report, including the following sections:

- "Responsibility Statement by the Executive Board"
- the separate non-financial report.

Furthermore, the other information includes all remaining parts of the annual report that 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 and Supervisory Board"
- "Report of the Supervisory Board"
- "Multi-year Overview Bechtle Group"
- "Remuneration Report"

but not the consolidated financial statements, nor the disclosures in the group management report included in our audit or our associated auditor's report.

3. Company information outside the annual report that has been referred to 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 references to websites of the Group. The information referred to by the latter references is not part of its annual report.

Heilbronn, 9 March 2022

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft

Heller	Ilg
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(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, 4 March 2022

Bechtel AG
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

70. MULTI-YEAR OVERVIEW BECHTLE GROUP

		2013	2014	2015	2016	2017	2018	2019	2020	2021	Change in % 2021-2020
Regions											
Business volume	€k	2,273,485	2,580,448	2,831,303	3,093,579	3,570,124	4,323,318	5,374,453	5,819,243	6,245,794	
Revenue	€k					3,144,775 ¹	3,829,303 ¹	4,711,997 ¹	5,050,271 ¹	5,305,489	5.1
Domestic	€k								3,260,012 ¹	3,354,639	2.9
of total revenue	%								64.6	63.2	
Abroad	€k								1,790,259 ¹	1,950,850	9.0
Segments											
Revenue	€k					3,144,775 ¹	3,829,303 ¹	4,711,997 ¹	5,050,271 ¹	5,305,489	5.1
IT System House & Managed Services	€k					2,235,490 ¹	2,576,136 ¹	3,062,815 ¹	3,381,306 ¹	3,394,793	0.4
of total revenue	%					71.1	67.3	65.0	67.0	64.0	
IT E-Commerce	€k					909,285 ¹	1,253,167 ¹	1,649,182 ¹	1,668,965 ¹	1,910,696	14.5
EBIT	€k	91,048	108,498	129,484	144,083	164,252	195,081	241,370	276,955	325,721	17.6
IT System House & Managed Services	€k	56,185	68,907	80,293	96,589	114,501	126,084	149,832	179,451	212,237	18.3
EBIT margin	%					5.1 ¹	4.9 ¹	4.9 ¹	5.3 ¹	6.3	
IT E-Commerce	€k	34,863	39,591	49,191	47,494	49,751	68,997	91,538	97,504	113,484	16.4
EBIT margin	%					5.5 ¹	5.5 ¹	5.6 ¹	5.8 ¹	5.9	
Income Statement											
Business volume	€k	2,273,485	2,580,448	2,831,303	3,093,579	3,570,124	4,323,318	5,374,453	5,819,243	6,245,794	7.3
Revenue	€k					3,144,775 ¹	3,829,303 ¹	4,711,997 ¹	5,050,271 ¹	5,305,489	5.1
Cost of sales	€k					2,600,980 ¹	3,186,369 ¹	3,944,180 ¹	4,193,690 ¹	4,385,481	4.6
Gross earnings	€k					543,795	642,934	767,817	856,581	920,008	7.4
Distribution costs	€k	151,546	166,556	182,806	196,285	215,989	257,218	306,632	319,242	345,216	8.1
Administrative expenses	€k	110,483	124,001	138,415	153,037	173,396	205,688	249,607	286,532	282,625	-1.4
Other operating income	€k	6,231	8,100	13,391	10,340	9,842	15,053	29,792	26,148	33,554	28.3
Operating earnings (EBIT)	€k	91,048	108,498	129,484	144,083	164,252	195,081	241,370	276,955	325,721	17.6
Financial income	€k	1,560	1,944	2,607	3,512	1,133	1,338	1,229	1,073	1,415	31.9
Financial expenditure	€k	3,300	3,057	2,687	2,495	2,581	3,177	6,279	7,323	6,636	-9.4
Earnings before taxes (EBT)	€k	89,308	107,385	129,404	145,100	162,804	193,242	236,320	270,705	320,500	18.4
Income taxes	€k	25,911	31,191	36,527	41,729	48,242	56,101	65,836	78,158	89,054	13.9
Earnings after taxes (EAT)	€k	63,397	76,194	92,877	103,371	114,562	137,141	170,484	192,547	231,446	20.2
Material costs	€k								3,728,648 ¹	3,888,716	4.3
Revenue less material costs	€k	559,739	624,603	692,611	753,120	831,845	979,320	1,216,874	1,347,771	1,450,327	7.6
Personnel expenses	€k	348,848	388,764	423,040	459,377	507,712	590,660	734,421	819,531	879,072	7.3
Depreciation and amortisation (on property, plant and equipment and other intangible assets without goodwill)	€k	22,493	23,753	26,436	27,715	31,930	41,977	84,610	98,137	103,003	5.0
EBITDA	€k	113,541	132,251	155,920	171,798	196,182	237,058	325,980	375,092	428,724	31.5
Financial earnings	€k	-1,740	-1,113	-80	1,017	-1,448	-1,839	-5,050	-6,250	-5,221	3.4

¹ Figure adjusted

		2013	2014	2015	2016	2017	2018	2019	2020	2021	Change in % 2021-2020
Balance Sheet (selected items)											
Assets											
Non-current assets	€k	299,212	321,940	344,401	368,231	415,196	659,258	846,371	958,890	984,199	2.6
Goodwill	€k	139,885	144,499	166,398	193,521	193,538	345,938	397,592	448,313	469,650	4.8
Other intangible assets	€k	19,293	19,980	29,161	35,338	48,721	121,120	119,303	113,241	98,858	-12.7
Property, plant and equipment	€k	99,747	104,224	101,870	111,666	134,865	152,853	280,685	327,215	342,902	4.8
Trade receivables	€k	1,547	19,774	22,020	12,436	30,235	27,863	38,148	55,903	57,839	3.5
Deferred taxes	€k	4,131	3,722	4,425	4,798	4,004	4,713	3,914	6,770	8,924	31.8
Other assets	€k	2,513	2,676	3,495	3,467	3,833	6,771	6,729	7,448	6,026	-19.1
Capital investment and securities	€k	32,012	27,008	16,999	7,005	0	0	0	0	0	
Current assets	€k	611,136	694,650	806,036	901,107	1,028,188	1,367,906	1,548,296	1,728,226	2,035,569	17.8
Inventories	€k	107,638	131,165	150,415	180,652	211,319	280,331	285,574	301,663	513,824	70.3
Trade receivables	€k	345,195	387,828	406,167	502,270	581,919	754,069	862,323	877,173	928,724	5.9
Other assets	€k	33,181	45,469	58,738	61,562	58,783	81,227	126,180	143,928	153,698	6.8
Capital investment and securities	€k	18,255	22,272	24,894	15,361	12,444	5,543	0	40,002	0	-100.0
Cash and cash equivalents	€k	105,838	106,720	164,767	140,415	162,383	245,379	272,197	363,171	431,751	18.9
Equity and liabilities											
Equity	€k	501,565	553,996	620,651	694,103	777,283	883,204	1,014,842	1,162,029	1,353,114	16.4
Issued capital	€k	21,000	21,000	21,000	21,000	42,000	42,000	42,000	42,000	126,000	200.0
Capital reserve	€k	145,228	145,228	145,228	145,228	124,228	124,228	124,228	124,228	40,228	-67.6
Retained earnings	€k	335,337	387,768	454,423	527,875	611,055	716,976	848,614	995,801	1,186,886	19.2
Non-current liabilities	€k	90,787	95,878	119,196	117,959	127,267	464,893	566,709	599,887	499,533	-16.7
Pension provisions	€k	6,382	11,990	15,899	19,924	13,002	16,301	30,702	31,022	12,994	-58.1
Other provisions	€k	2,307	4,836	5,978	6,719	7,190	11,052	10,081	11,055	11,379	2.9
Financial liabilities	€k	53,625	47,522	56,393	51,744	69,917	380,640	373,874	393,541	310,941	-21.0
Deferred taxes	€k	15,128	17,266	20,927	20,570	21,069	41,107	33,180	26,140	37,271	42.6
Other liabilities	€k	538	2,652	7,293	5,874	2,292	4,858	98,025	108,590	103,830	-4.4
Contract liabilities	€k	-	-	-	-	-	10,895	19,353	20,884	19,790	-5.2
Deferred income	€k	12,369	11,343	12,346	12,981	13,701	0	1,481	2,393	2,581	7.9
Current liabilities	€k	317,996	366,716	410,590	457,276	538,834	679,067	813,116	925,200	1,167,121	26.1
Other provisions	€k	5,774	6,239	6,416	6,657	7,129	9,162	12,805	22,831	27,318	19.7
Financial liabilities	€k	10,546	12,711	9,627	9,745	58,930	12,872	13,801	18,913	34,537	82.6
Trade payables	€k	170,518	178,644	204,067	242,120	237,160	372,338	406,807	425,875	613,228	44.0
Tax payables	€k	6,519	6,418	8,176	7,676	10,733	12,509	19,859	45,964	30,525	-33.6
Other liabilities	€k	79,941	95,695	104,052	115,314	131,118	159,957	231,776	253,921	266,638	5.0
Contract liabilities	€k	-	-	-	-	-	96,120	105,369	130,594	161,643	23.8
Deferred income	€k	44,698	67,009	78,252	75,764	93,764	16,109	22,699	27,102	33,232	22.6
Balance sheet total	€k	910,348	1,016,590	1,150,437	1,269,338	1,443,384	2,027,164	2,394,667	2,687,116	3,019,768	12.4
Cash flow and investments											
Cash flow from operating activities	€k	73,098	55,965	115,945	53,363	54,261	140,525	185,973	317,453 ¹	284,492	-10.4
Cash flow from investing activities	€k	-10,201	-25,853	-34,480	-41,404	-62,675	-280,612	-72,122	-146,482	-42,940	-70.7
Cash flow from financing activities	€k	-35,002	-29,973	-25,668	-36,318	33,578	221,367	-89,685	-78,726 ¹	-179,356	127.8
Cash and cash equivalents incl. time deposits and securities	€k	156,105	156,000	206,660	162,781	174,827	250,922	272,197	403,173	431,751	7.1
Free cash flow	€k	43,123	29,252	78,590	-7,049	-24,129	-147,185	109,517	204,135 ¹	218,578	7.1
Investments (in property, plant and equipment and other intangible assets without goodwill)	€k	23,091	24,102	21,779	39,604	66,866	56,626	47,981	66,194	58,385	-11.8
Investment ratio (= Investments/Average property, plant and equipment + other intangible assets without goodwill)	%	19.69	19.82	17.07	28.49	40.45	24.75	17.20	18.81	15.66	

¹ Figure adjusted

		2013	2014	2015	2016	2017	2018	2019	2020	2021	Change in % 2021-2020
Key figures of the share²											
Closing price	€	49.47	65.98	88.06	98.82	69.52	67.85	125.20	178.40	62.94	5.8 ⁶
Annual high	€	50.95	65.98	92.64	104.55	72.71	89.90	127.60	188.40	69.14	
Annual low	€	30.07	49.33	64.49	73.70	46.50	63.85	62.30	85.05	49.85	
Weighted shares	th. shares	21,000	21,000	21,000	21,000	42,000	42,000	42,000	42,000	126,000	
Market capitalisation [31.12]	€k	1,038,870	1,385,580	1,849,260	2,075,220	2,919,840	2,849,700	5,258,400	7,492,800	7,930,440	5.8
Average turnover/trading day ³	shares	34,201	41,281	46,580	30,515	45,637	101,037	106,634	140,482	138,224	-1.6
Average turnover/trading day ³	€	1,364,142	2,452,888	3,452,399	2,789,577	3,604,891	7,668,425	9,980,675	20,657,614	13,778,684	-33.3
Cash dividend per share	€	1.10	1.20	1.40	1.50	0.90	1.00	1.20	1.35	0.55 ⁴	22.2 ⁶
Dividend amount distributed	€k	23,100	25,200	29,400	31,500	37,800	42,000	50,400	56,700	69,300 ⁴	22.2 ⁶
Pay out ratio	%	36.4	33.1	31.7	30.5	33.0	30.6	29.6	29.4	29.9 ⁴	
Dividend yield [31.12]	%	2.2	1.8	1.6	1.5	1.3	1.5	1.0	0.8	0.9 ⁴	
Enterprise value (EV)	€k	1,084,064	1,449,430	1,877,757	2,137,406	3,032,716	3,178,949	5,734,381	7,935,616	8,227,629	3.7
Earnings per share	€	3.02	3.63	4.42	4.92	2.73	3.27	4.06	4.58	1.84	20.2 ⁶
Cash flow per share	€	3.48	2.67	5.52	2.54	1.29	3.35	4.43	7.56	2.26	-10.4 ⁶
Net asset value per share (= Equity/Weighted average shares)	€	23.88	26.38	29.55	33.05	18.51	21.03	24.16	27.67	10.74	-61.2
Price-earnings ratio (= closing price/EPS)		16.4	18.2	19.9	20.1	25.5	20.8	30.8	38.9	34.2	-12.1
EV/EBITDA		9.5	11.0	12.0	12.4	15.5	13.4	17.6	21.2	19.2	-9.3
EV/EBIT		11.9	13.4	14.5	14.8	18.5	16.3	23.8	28.7	25.3	-11.8
EV/EBT		12.1	13.5	14.5	14.7	18.6	16.5	24.3	29.3	25.7	-12.4
EV/EAT		17.1	19.0	20.2	20.7	26.5	23.2	33.6	41.2	35.5	-13.7
EV/Revenue						1.0 ¹	0.8 ¹	1.2 ¹	1.6 ¹	1.6	-1.3
Personnel											
Employees ⁵ [31.12]		6,219	6,572	7,205	7,667	8,353	10,005	11,487	12,180	12,880	5.7
Domestic		4,743	4,996	5,633	5,956	6,483	7,373	8,424	8,955	9,383	4.8
Abroad		1,476	1,576	1,572	1,711	1,870	2,632	3,063	3,225	3,497	8.4
IT System House & Managed Services		4,953	5,164	5,766	6,212	6,853	7,772	9,097	9,736	10,156	4.3
IT E-Commerce		1,266	1,408	1,439	1,455	1,500	2,233	2,390	2,444	2,724	11.5
Trainees (incl. absentees)		473	455	473	500	553	648	703	687	691	0.6
Employees (annual average) ⁵		6,072	6,421	6,924	7,428	7,968	9,083	10,899	11,946	12,519	4.8
Personnel expenses per employee (FTE, annual average, without absentees)									72.7	74.6	2.1
FTE (Annual average, without absentees)									11,271	11,785	
FTE (Annual average, without absentees and trainees)									10,622	11,162	5.1
IT System House & Managed Services									8,351	8,751	4.8
IT E-Commerce									2,271	2,411	6.2
Personnel expenditure ratio	%					16.1 ¹	15.4 ¹	15.6 ¹	16.2 ¹	16.6	
Personnel expenses to revenue less material costs	%	62.3	62.2	61.1	61.0	61.0	60.3	60.4	60.8	60.6	

¹ Figure adjusted² XETRA share prices³ All German stock exchanges⁴ Proposal to the Annual General Meeting⁵ Without temporary staff⁶ Adapted to share split

		2013	2014	2015	2016	2017	2018	2019	2020	2021	Change in % 2021-2020
Efficiency ratios											
Contribution margin	%					26.5 ¹	25.6 ¹	25.8 ¹	26.7 ¹	27.3	
Gross margin	%					17.3 ¹	16.8 ¹	16.3 ¹	17.0 ¹	17.3	
EBITDA margin	%					6.2 ¹	6.2 ¹	6.9 ¹	7.4 ¹	8.1	
EBIT margin	%					5.2 ¹	5.1 ¹	5.1 ¹	5.5 ¹	6.1	
EBT margin	%					5.2 ¹	5.0 ¹	5.0 ¹	5.4 ¹	6.0	
EAT margin	%					3.6 ¹	3.6 ¹	3.6 ¹	3.8 ¹	4.4	
Revenue per employee	€k								475.5 ¹	475.3	0.0
IT System House & Managed Services	€k								404.9 ¹	387.9	-4.2
IT E-Commerce	€k								734.9 ¹	792.5	7.8
EBIT per employees	€k								26.1 ¹	29.2	11.9
Return on equity (EAT / Average annual equity)	%	14.2	15.6	17.2	17.1	16.9	18.1	19.8	19.5	20.4	
Return on total assets (EAT / Average annual total assets)	%	8.2	8.9	9.5	9.6	9.6	9.1	8.5	8.3	9.0	
ROA (= EBIT / Average annual total assets)	%	11.3	12.2	12.9	13.1	13.4	12.6	11.5	11.5	12.3	
ROE (= EBIT / Average annual equity)	%	20.4	21.5	23.9	24.0	24.4	25.8	28.1	28.0	28.8	
ROCE (= EBIT / Capital Employed)	%	20.6	22.3	23.7	24.0	22.3	20.6	18.7	19.8	22.2	
Balance sheet ratios											
Capitalisation ratio of non-current assets (= non-current assets / total assets)	%	32.9	31.7	29.9	29.0	28.8	32.5	35.3	35.7	32.6	
Working intensity of current assets (= current assets / total assets)	%	67.1	68.3	70.1	71.0	71.2	67.5	64.7	64.3	67.4	
Equity ratio	%	55.1	54.5	53.9	54.7	53.9	43.6	42.4	43.2	44.8	3.6
Total liabilities to total assets	%	44.9	45.5	46.1	45.3	46.1	56.4	57.6	56.8	55.2	
Asset structure (= non-current / current assets)	%	49.0	46.3	42.7	40.9	40.4	48.2	54.7	55.5	48.4	
Capital structure (= equity / liabilities)	%	122.7	119.8	117.2	120.7	116.7	77.2	73.5	76.2	81.2	
Financial ratios											
Net debt	€k	-91,934	-95,767	-140,640	-101,292	-45,980	142,590	115,478	9,281	-86,273	
Share of non-current liabilities in balance sheet total (= non-current liabilities / balance sheet total)	%	10.0	9.4	10.4	9.3	8.8	22.9	23.7	22.3	16.5	
Share of current and non-current financial liabilities in balance sheet total (= (current + non-current financial liabilities) / balance sheet total)	%	7.0	5.9	5.7	4.8	8.9	19.4	16.2	15.3	11.4	
Debt ratio (= liabilities / equity)		0.82	0.84	0.85	0.83	0.86	1.30	1.36	1.31	1.23	-6.2
Working Capital	€k	234,624	291,326	294,872	375,645	492,865	580,794	647,728	652,674	693,694	6.3
Working Capital to business volume	%	10.3	11.3	10.4	12.1	13.8	13.4	12.1	11.2	11.1	
Working Capital to annual total asset	%	25.8	28.7	25.6	29.6	34.1	28.7	27.0	24.3	23.0	
Capital employed	€k	442,050	486,403	546,404	600,997	738,029	948,346	1,288,671	1,395,427	1,469,558	5.3
Capital employed to annual total asset	%	48.6	47.8	47.5	47.3	51.1	46.8	53.8	51.9	48.7	
Capital employed to business volume	%	19.4	18.8	19.3	19.4	20.7	21.9	24.0	24.0	23.5	
Structural analysis ratios											
Business volume to inventory		21.1	19.7	18.8	17.1	16.9	15.4	18.8	19.3	12.2	-37.0
Share of inventories in business volume (= inventories / business volume)	%	4.7	5.1	5.3	5.8	5.9	6.5	5.3	5.2	8.2	58.7
Business volume to average net trade receivables		9.9	9.7	9.3	9.4	9.4	9.3	8.9	9.1	8.9	-2.2
Business volume to average total assets		2.8	2.9	2.8	2.8	2.9	2.8	2.6	2.4	2.4	-1.9
DSO		37.0	37.8	39.4	38.7	38.7	39.2	41.0	40.0	40.9	2.3

¹ Figure adjusted

GLOSSARY

Alternative performance measures (= APM).

Performance indicators that are not subject to IFRS and for which there is no generally accepted reporting standard.

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.

Business volume.

An alternative performance measure (APM) introduced by Bechtle in the course of the change to the accounting method. The indicator describes the revenue accounted for according to the previous method without taking the accounting change regarding software licences into consideration. → APM

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.

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.

Diversity Charter. An employer initiative to promote diversity in companies and institutions.

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.

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 declaration. 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.

Prinzipal vs. Agent (IFRS 15). Normally, a company accounts for its revenue from the sale of software licences either as a principal or as an agent. While a principal presents the entire consideration as revenue, an agent merely presents the amount of the fee or commission received as consideration for the agency service.

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.

UN Global Compact. The United Nations Global Compact is a cooperation of companies with the United Nations. The objective of the cooperation is to make globalisation more ecologically and socially sustainable.

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

AktG	German Stock Corporation Act (Aktiengesetz)
APM	Alternative Performance Measures
BforB	Bechtle for Bechtle
BI	Business Intelligence
CAD/CAM/PLM	Computer-aided design/Computer-aided manufacturing Product-lifecycle-management
CAGR	Compound annual growth rate
CRM	Customer Relationship Management
DCGK	German Corporate Governance Code (Deutscher Corporate Governance Kodex)
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
ECM	Enterprise Content Management
EBT	Earnings before taxes
EPS	Earnings per share
ERP	Enterprise-Resource-Planning
EU	European Union
EV	Enterprise value
FTE	Full time equivalent
GDP	Gross domestic product
GITA	Global IT Alliance
HGB	German Commercial Code (Handelsgesetzbuch)
ifo	Institute for Economic Research (Institut für Wirtschaftsforschung)
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretations Committee
IoT	Internet of Things
M & A	Mergers & Acquisitions
MitbestG	German co-determination Act (Mitbestimmungsgesetz)
ROA	Return on Assets
ROE	Return on Equity
SDG	Sustainable Development Goals
VIPM	Vendor Integrated Product Manager



For further comments
see Glossary,
page 254 ff

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FINANCIAL CALENDAR

ACCOUNTS PRESS CONFERENCE/ANALYSTS' CONFERENCE

Friday, 18 March 2022

QUARTERLY STATEMENT 1ST QUARTER 2022 (31 MARCH)

Thursday, 12 May 2022

ANNUAL GENERAL MEETING

Thursday, 2 June 2022

HALF-YEAR FINANCIAL REPORT 2022 (30 JUNE)

Thursday, 11 August 2022

QUARTERLY STATEMENT 3RD QUARTER 2022 (30 SEPTEMBER)

Thursday, 10 November 2022

See [bechtle.com/financial-calendar](https://www.bechtle.com/financial-calendar) for further dates and changes.

SUSTAINABILITY REPORT WITH BECHTLE STRATEGY 2030.

New orientation. For the first time, the Sustainability Strategy 2030 – which Bechtle adopted in 2021 – forms the basis for the report. The strategy supersedes the long-standing Bechtle Sustainability Code and supplements the corporate Vision 2030. It makes reference to the ecological, economic and social aspects rooted in the “three-pillar model of sustainability development” and the SDGs, i.e. the UN Sustainable Development Goals. Four strategic areas of action that are especially relevant to Bechtle have been defined: **ethical business practices, environment, people** and **digital future**. Each area of action comprises three focal points and is associated with a programme that incorporates targets, milestones and operational measures. The implementation is monitored with the aid of controlling software that continually provides an overview of the status and progress of the measures taken.

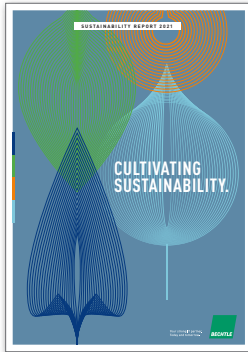
Ethical business practices. This strategic area of action focuses on sustainability in the supply chain, compliance, anti-corruption and social commitment. For example, following the flood disaster in 2021, Bechtle established an aid fund of €500,000 and donated another €500,000 to Germany’s relief coalition Aktion Deutschland hilft e.V.

Environment. The focal points in this area are climate and energy, sustainable logistics and circular economy. For example, Bechtle has greatly expanded its e-mobility fleet. As of the end of 2021, electric or hybrid vehicles accounted for 26.6 per cent of the business fleet in Germany, more than twice as many as the targeted 10 per cent by 2022 – and two years earlier at that. The company’s infrastructure is made up of 326 charging stations at 27 locations in Germany. At the same time, the fleet mileage continued to drop, following the trend observed in previous years.

People. In its dealings with business partners and employees, Bechtle demonstrates fairness and shows appreciation. The three core subjects are employer attractiveness, diversity & equal opportunity as well as health & safety. In 2021, Bechtle was again awarded the “Best Recruiter Gold” label and first place in the IT/software/telecommunications industry. A new training record was reached, with 244 new apprentices and students on integrated degree programmes. The number of courses completed on the e-learning platform for all Bechtle employees was almost double the number of the prior year. In total, 12,880 people from 100 nations furnish evidence of a highly diverse company.

Digital future. As befits an IT company, this fourth area of action focuses on sustainable internal digitalisation, sustainable technologies, solutions and services for customers as well as information and data security. Thus, our data centres in Frankfurt/Main and Rüsselsheim have joined the “Climate Neutral Data Centre Pact”. The range of products is continually being expanded with items such as the modular, easy-to-fix “Fairphone” and fanless, highly energy-efficient mini PCs from “Prime Computer”.

The overall strategy for the coming years comprises numerous other measures and commitments, echoing the title of the annual report: “Cultivating Sustainability”.



We shape a sustainable DIGITAL FUTURE.

PROBLEM	STRATEGICAL POINT	2025 TARGET	ACTION PLAN	2021 TARGETS	STATUS
Sustainable Business Performance	Energy efficiency	Reduce the usage of all energy by 10% compared to 2019	Implement an IT program - Identify and decommission redundant IT systems	2021: -10%	achieved
Sustainable Technical Capabilities and Services	Energy efficiency	Use green energy for 100% of our own data centers	Partner with green energy providers to ensure 100% green energy usage	2021: 100%	planned
Sustainable Supply and Procurement	Energy efficiency	Reduce the usage of all energy by 10% compared to 2019	Implement an IT program - Identify and decommission redundant IT systems	2021: -10%	achieved

ENVIRONMENT.

CLIMATE SCOPE 1 & 2 IN ACCORDANCE WITH THE GREENHOUSE GAS PROTOCOL

ENERGY CONSUMPTION AND EMISSIONS.

MANAGEMENT:

WATER MANAGEMENT AND CLEANING INFRASTRUCTURE

WATER MANAGEMENT:

WATER CONSUMPTION AND EFFICIENCY:

DIVERSITY AND EQUAL OPPORTUNITY.

MANAGEMENT:

Bechtle has decided not to print the sustainability report. However, the report is available for download in PDF format: [bechtle.com/sustainability](https://www.bechtle.com/sustainability)



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