

#31/AUGUST 2018

HALF-YEAR REPORT 2018

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adesso | GROUP

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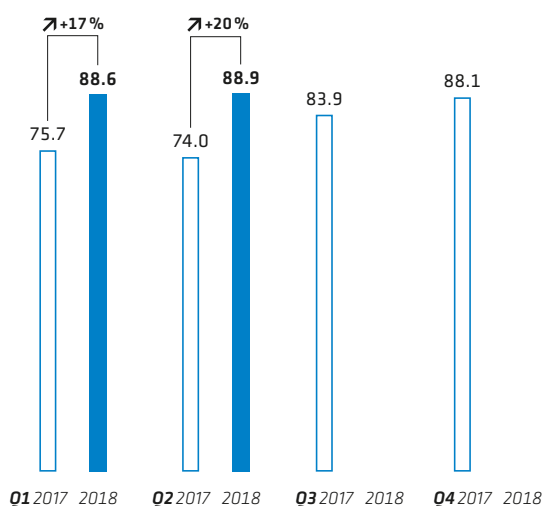
OUR MOTIVATION

Employees are the focus at adesso.
They are the basis of how
we create long-term value.

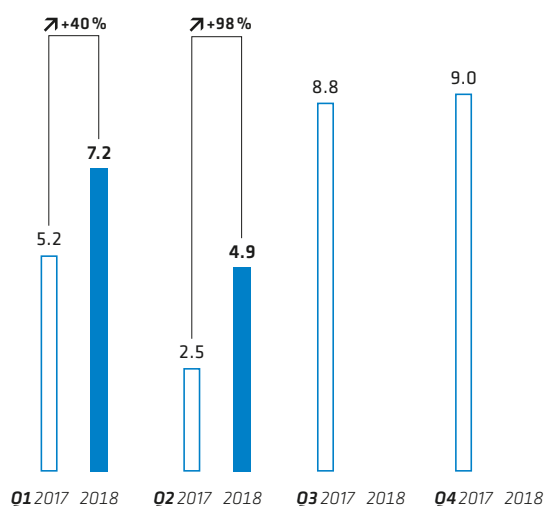
KEY FIGURES

<i>in EUR k</i>	1st HY 2018	1st HY 2017	Change	in %	Q1/2018	Q2/2018	Q2/2017
PROFIT SITUATION							
Sales revenues	177.547	149.640	27.907	19	88.634	88.913	73.990
domestic	144.888	119.157	25.731	22	71.749	73.139	56.091
foreign	32.659	30.483	2.176	7	16.885	15.774	17.899
EBITDA	12.082	7.611	4.471	59	7.215	4.867	2.461
EBITDA margin (in %)	6,8	5,1	1,7	34	8,1	5,5	3,3
Consolidated earnings	4.988	2.212	2.776	125	3.213	1.775	2.212
BALANCE SHEET							
Balance sheet total	203.695	184.575	19.120	10	214.208	203.695	184.575
Equity	68.773	58.100	10.673	18	69.579	68.773	58.100
Equity ratio (in %)	33,8	31,5	2,3	7	32,5	33,8	31,5
Liquid assets	39.744	28.144	11.600	41	43.429	39.744	28.144
Net cash position	-7.514	-17.667	10.153	57	-1.195	-7.514	-17.667
EMPLOYEES							
Employees (FTE)	2.924	2.448	476	19	2.832	2.924	2.448
domestic	2.563	2.181	382	18	2.488	2.563	2.181
foreign	361	267	94	35	344	361	267
Gross profit /Employees	107	112	-5	-4	110	104	107
SHARE							
Number	6.174.203	6.174.203	0	0	6.174.203	6.174.203	6.174.203
Price at the end of the the period (in EUR)	55,80	54,20	1,60	3	59,80	55,80	54,20
Market capitalisation at the end of the period (in EUR m)	344,5	334,6	9,9	3	369,2	344,5	334,6
Earnings per share (in EUR)	0,81	0,36	0,45	125	0,52	0,29	-0,01

GROWTH IN SALES (PER QUARTER)

in EUR m

EBITDA DEVELOPMENT (PER QUARTER)

in EUR m

MISSION STATEMENT

adesso optimises companies' core business processes with the targeted use of information technology. We offer customers expert consulting based on our in-depth industry knowledge and use our technical knowhow to develop customised software solutions. For a defined set of operational tasks adesso provides innovative solutions and products. As an independent partner, we aim to help our customers make the most of their business potential while retaining flexibility in the future.

EMPLOYEES* – OUR TOP ASSET

OUR MOTIVATION

adesso will continue its organic growth in 2018, exceeding average industry growth in terms of revenue and customer and employee numbers. Employees are the most important resource in adesso's personnel-intensive core business. Our employees are among the best in the industry and have again voted adesso the top IT employer in Germany. They are motivated to shape and master the opportunities and challenges presented by digital transformation, together with the company's customers.

INHALT

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* To maintain a better readability, this Annual Report largely dispenses with the simultaneous use of female and male forms of language. Terms such as "employee" or "colleague" thus equally encompass both genders.



GROUP MANAGEMENT INTERIM REPORT

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and Risk Report

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GROUP PRINCIPLES

Business Model, Targets and Strategies

adesso is a fast-growing IT company which has set its sights on becoming one of the leading consulting and technology groups for industry-specific business processes in Central Europe. With a high level of expertise in the areas it caters to, adesso operates at the interface between business processes and IT, implementing software projects at the highest technical level. The development of its own software solutions increases market penetration and strengthens the company's profit margin. adesso pursues the strategic goal of expanding into European markets after so far focussing on the German market. Enterprise development is complemented by a well-defined acquisition strategy.

Fuelled by past growth and growth in the making, a focused business model and an insistence on outperforming industry average margins, the company's value is continually being enhanced. adesso puts significant resources in targeted business development, the expansion of sales capacities, recruiting and marketing. These investments and the development of new products, coupled with extensive industry and consulting expertise, enable growth rates which exceed the industry average by far. adesso is a leading technology company in the field of software development which invests more than average in the training and development of its workforce and in the ongoing development of its own model for the software development process.

The Executive Board is committed to a strategy of striving for the right balance of growth, solid finances and profitability.

The company's strategy in the first half of 2018 remained largely unchanged compared to the disclosures in the Annual Report 2017. Two new subsidiaries were established in Spain and Bulgaria. Investments and activities related to own software products remain a core part of the strategy. The company's structure and organisation did not change materially in the first half of the year, with the exception of the smaller acquisition stated in "Investments and company acquisitions". There were no changes in the composition of the adesso AG Executive Board in the reporting period.

Employees and Structure

The structure and management systems remained largely unchanged in the first half of 2018 compared to the disclosures in the Annual Report 2017. Changes pertaining to headcount and the scope of consolidation are detailed in the Economic Report and/or the Consolidated Notes. Headcounts continued to rise at many different locations and across a number of business areas, with the total number of employees at the end of the period increasing year on year by 19% to 2,924.

Research and Development

Research and development expenses are negligible in relation to group expenses. adesso does not have its own dedicated research department. These disclosures continued to apply in the reporting period. Please refer to the Group Management Report as of 31 December 2017 for further details.

ECONOMIC REPORT

Macroeconomic Climate and Industry-specific Conditions

In its spring forecast issued on 25 April 2018, the German federal government lowered the annual guidance it issued in January slightly by 0.1 percentage points and now expects gross domestic product growth adjusted for prices of 2.3 % in 2018. In 2019, growth rates are expected to slow further to 2.1 %. The German economy is experiencing a constant and broad-based upswing supported by a solid domestic situation. Capacity utilisation appears to be in a good position, employment at record levels and the consumer price index stable. Risks associated with foreign trade remain high and there is still much economic insecurity primarily due to a shift in foreign and trade policy. In its latest forecast, the OECD expects global GDP to rise by 3.8 % in 2018 and by 3.9 % in 2019.

Based on information provided by an expert group commissioned by the Swiss government, the forecast made by the Swiss State Secretariat for Economic Affairs SECO at the end of 2017 is expecting GDP growth to be at 2.3 % in 2018 and a solid 1.9 % in 2019 following a strong upturn in the economic development in Switzerland. These forecasts were increased slightly again by 0.1 percentage point each in March 2018 and confirmed in June. The Austrian Federal Ministry for Digitisation and Economic Location also expects each to increase by 0.2 percentage points compared to the figures referenced in adesso's annual report. The Austrian Institute of Economic Research (WIFO) and the Austrian Institute for Advanced Studies (IHS) estimate the GDP growth rate to be between 2.9 % (IHS) and 3.2 % (WIFO) for 2018. According to the July forecast for 2019, the IHS only expects GDP to grow by 1.7 % and the WIFO expects it to remain steady at 2.2 %. In Turkey, the OECD anticipates economic growth to slow down to 5.0 % which is still strong, following on from the soaring economic dynamics in 2017. The forecast has increased slightly by 0.1 percentage point compared to the values stated in the adesso annual report, although the recent depreciation of the national currency is likely to make forecasts more sceptical. As of May, the OECD projected an accelerated growth in the USA of 3.0 % for 2018. That figure has increased

noticeably by 0.5 percentage point since the most recent forecast, although the OECD mainly cites the fiscal boost as the reason for this.

In its spring projection issued in February, German industry association Bitkom once again forecast that the IT industry would outperform the market as a whole in terms of growth in 2018. It forecast growth of 3.1 % (previous year: 3.9 %) for the IT market. A considerable decline in growth is expected in the IT hardware sector – from 4.2 % in the previous year to 0.9 % – whereas growth is anticipated to stay strong at 6.3 % in the software segment. The German IT services segment, which is particularly important to adesso, is expected to accelerate to 2.6 % growth (previous year: 2.3 %).

Business Performance

The adesso Group increased sales in the first half of 2018 by 19 % year on year to EUR 177.5 million. Growth was almost completely organic thanks to the successful expansion of existing business activities. This enabled adesso to again easily exceed its target of outperforming overall market growth organically by at least a factor of two. Business performance also showed that the adesso Group is on course to meet its full-year forecast for sales.

Business was bolstered by ongoing investment from companies and public-sector authorities in digital transformation, increased efficiency through the modernisation of IT systems as well as in e-commerce activities. Additional growth drivers include new approaches and technologies, such as business intelligence with big data, machine learning and artificial intelligence, the Internet of Things and, new this year, blockchain technology. The adesso Group holds a strong market position in this area with a wide range of products and solutions. adesso's setup is oriented around the industry and its customers, which ensures targeted activities for above-average growth.

All established adesso subsidiaries (Germany, Switzerland, Austria and Turkey) have recorded a year-on-year increase in sales. In terms of percentage, sales grew particularly in Turkey where extensive software development projects have been secured with two leading banking and insurance companies. The number of employees in Turkey has more than doubled to 140 compared to the previous year. But by far

the largest growth in sales for adesso was achieved in Germany with EUR 25 million (+29%). Here, adesso profited from a sharp rise in workforce numbers in the last 18 months and a high volume of new projects secured across all core sectors. Growth in sales was particularly noticeable again in the banking sector. The positive trend of the second half of 2017 continued in Austria where sales grew by 20%. Preparation for new growth was made with the establishment of subsidiaries in Bulgaria and Spain. Both companies have already recruited a number of employees and secured their first orders, but due to having less than 10 employees each, they do not have a significant impact on the overall development for 2018.

The new locations in Aachen, Barcelona, Basel, Essen, Hanover, Nuremberg and Sofia have grown in every respect and resulted in the acquisition of new customers. The new Lausanne office in Switzerland means adesso now has a location in the French-speaking part of the country for the first time.

In the first half of 2018, successful projects were completed in the fields of intelligent chatbots and augmented reality, e.g. in the automotive sector. An order was recently secured to develop a financial transaction platform using blockchain technology. Having developed mainly smaller proofs of concept and demonstrators in previous years, these innovation projects are now associated with significant project volumes. A leading energy company has become a major new addition to the client list and working together with them presents the opportunity to develop many concepts, based on the Internet of Things and e-mobility through to white label invoicing platforms, for example.

Business with the in|sure family of products for companies in the insurance sector also developed positively. In the first half of 2018, DKV, the ERGO Group's health insurer, decided to start using in|sure Health Claims for nursing care insurance, making it one of the largest private health insurers to do so. Another significant contract for in|sure Health Claims was signed, which, in the event that the right to withdraw is not exercised, can be posted in sales in the fourth quarter of 2018 at the earliest.

Sales generated from e-commerce (Arithnea), online financial applications (smarthouse) and content management (e-Spirit) were disproportionately lower than the previous year. The smart hosting and cloud services division, on the other hand, boasted significant growth once again, meaning it is increasingly establishing itself as a pivotal part of offers and projects.

Within the first half of the year, EUR 88.6 million in sales was generated in the first quarter and EUR 88.9 million in the second quarter (previous year: EUR 75.7 million and EUR 74.0 million) In Germany there were 63 working days in the first quarter of 2018 and only 60 in the second quarter, which must be taken into account (previous year: 65 and 59).

Position

Earnings Situation

Total operating earnings before interest, taxes, depreciation and amortisation (EBITDA) of the adesso Group came to EUR 12.1 million in the first half of 2018, up 59% on the previous year's value. In the previous year, the weaker second quarter in particular resulted in an adjustment to the full-year forecast for 2017 meaning that the rise in earnings in the first half of the year was particularly high. Compared to the second half of 2017 and the guidance for the whole of 2018, the EBITDA generated was well within the target corridor.

While higher costs were spent on the building and expansion of new locations, employer branding and recruitment and the billable customer hours per employee in Germany were too low in the previous year, investments in the previous year's strong growth paid off in the first half of 2018. The locations boost the occupancy rate and lead to lower travel costs. The billable customer hours in Germany has returned to a normal level. Other operating expenses per employee fell year on year by 9%, meaning that EBITDA per employee increased by 31% and the EBITDA margin was higher at 6.8% compared to just 5.1% in the previous year.

In the first half of 2018, the first quarter generated EBITDA of EUR 7.2 million (previous year: EUR 5.2 million) and the second quarter generated EBITDA of EUR 4.9 million (previous: EUR 2.5 million). The drop in earnings in the second quarter was mainly due to the lower number of working days.

Investments in the development of additional functionalities for the insure and FirstSpirit products were higher than in the previous year, as planned, and opened up opportunities for further growth.

While the main part of earnings growth was generated by the adesso subsidiary in Germany, Turkey and Austria were responsible for boosting earnings considerably in terms of percentage. Despite an excellent order situation, growth was stunted in Switzerland by an extreme shortage of skilled professionals. The e-commerce (Arithnea), online financial applications (smarthouse) and content management (e-Spirit) divisions were not able to boost earnings in the first half of the year.

At 7% higher depreciation and amortisation, pre-tax profit was up EUR 4.2 million, or 120%, on the previous year and therefore grew more sharply than EBITDA. Consolidated earnings amounted to EUR 5.0 million (previous year: EUR 2.2 million) and earnings per share was EUR 0.81 (previous year: EUR 0.36).

Notes on individual items in the income statement

The cost of materials, which primarily related to services from external providers purchased in the scope of customer projects, increased disproportionately to sales by 29% to EUR 24.9 million and therefore made up 14% of sales (previous year: 13%). This increase is broadly the result of a high volume of incoming orders, which rose more quickly than the number of employees. Gross profit increased by 17% to EUR 152.6 million. Gross profit per employee was annualised in the first half of the year at EUR 107 thousand (previous year: EUR 111 thousand).

Personnel costs, as the largest cost item, increased by 17% to EUR 114.4 million and was therefore just as strong as gross profit. The average number of employees saw a year-on-year increase of 21% to 2,846. adesso employed 2,924 employees (full time equivalents) as of the reporting date 30 June 2018. Annual personnel costs per employee fell year on year from EUR 84 thousand to EUR 80 thousand. Other operating expenses rose by the same margin as sales and gross profit, but at a much lower rate than the headcount, by 10% to EUR 28.7 million and had a positive impact on margins. The expenses for locations, employer branding and recruitment rose at a slower pace than sales compared to the previous year.

At 7%, depreciation and amortisation of EUR 4.2 million (previous year: EUR 3.9 million) increased at a much slower pace than sales. While operating depreciation and amortisation rose by 35% to EUR 3.1 million, amortisation of intangible assets recognised in

KEY FIGURES PROFIT SITUATION

<i>in EUR k</i>	<i>First half 2018</i>	<i>First half 2017</i>	<i>Q2 2018</i>	<i>Q1 2018</i>	<i>Q2 2017</i>	<i>Q1 2017</i>
Sales revenues	177,547	149,640	88,913	88,634	73,990	75,650
EBITDA	12,082	7,611	4,867	7,215	2,461	5,150
EBITDA margin (in %)	6.8%	5.1%	5.5%	8.1%	3.3%	6.8%
Consolidated earnings	4,988	2,212	1,775	3,213	-11	2,223
Earnings per share (in EUR)	0.81 €	0.36 €	0.29 €	0.52 €	-0.01 €	0.37 €

the course of mergers fell by 31 % to EUR 1.1 million. In the previous year, a large proportion of the order backlog of UnitCon GmbH acquired in 2017 was amortised.

Total income from financing and investment activities only saw a slight year-on-year change at EUR -0.2 million. The financial result was impacted by interest expenses from acquisition loans. Income from investments of EUR 0.0 million (previous year: EUR 0.2 million) is currently impacted by start-up losses of the associate company soccerwatch.tv GmbH. Income tax expense came to EUR 2.6 million (previous year: EUR 1.3 million). With reference to the pre-tax profit of EUR 7.7 million, the tax rate was 35 % (previous year: 36 %).

Employee indicators

Compared to the previous year, the total number of Group employees rose by 476, or 19 % (previous year: 24 %), from 2,448 to 2,924 full-time equivalents. In the first half of 2018, the number of employees increased by 212 or 35 % (previous year: 274 or 13 %) as of 31 December 2017. In the previous year, some of the rise in employee numbers was due to acquisitions. Staff outside of Germany increased year on year by 8 % from 267 to 361. This rise was mainly due to recruitment in Turkey.

Financial Position and Results of Operations

As of 30 June 2018 after the distribution of the dividends from healthy consolidated earnings of EUR 5.0 million, equity rose by EUR 1.7 million to EUR 68.8 million compared to the 31 December 2017 figure. Equity made a significant year-on-year increase of EUR 10.6 million, meaning the equity ratio rose from 31.5 % in the previous year to 33.8 % (31 December 2017: 33.0 %). Liquid assets came to EUR 39.7 million as of the reporting date (previous year: EUR 28.1 million; 31 December 2017: EUR 46.5 million). This decline over the first half of the year corresponds to liquidity development over previous periods and was largely due to the scheduled payment of variable salary components for the previous year, the dividend payment and the payment patterns of major customers, who tend to settle a relatively high proportion of outstanding invoices at the end of the year.

Cash flow from operating activities amounted to EUR 2.2 million, compared to EUR -3.5 million in the previous year, mainly due to the significant rise in earnings. Trade receivables increased by 22 % to EUR 77.2 million – a slightly better margin than sales. Cash flow from investment activities amounted to EUR -6.0 million, declining from EUR -7.0 million in the previous year. Cash flow from financing activities stood at EUR -2.9 million (previous year: EUR -4.5 million). Ongoing repayments on loans stood at EUR 3.3 million (previous year: EUR 4.1 million). As in previous years, liquid assets are expected to increase in the second half of 2018 on account of operating activities.

EMPLOYEE INDICATORS

	First half 2018	First half 2017	First half 2016	2017	2016	2015
Employees at the end of the period	3,226	2,707	2,148	2,980	2,381	1,840
Full-time equivalents (FTE) at the end of the period	2,924	2,448	1,973	2,712	2,174	1,702
Full-time equivalents (FTE) average for the year	2,846	2,333	1,821	2,488	1,956	1,534
Sales per ø FTE (in EUR k)	125	128	131	129	133	128
Gross profit per ø FTE (in EUR k)	107	112	117	112	119	113
Personnel costs per ø FTE (in EUR k)	80	84	87	81	86	82

Financial liabilities rose by EUR 1.1 million net to EUR 47.3 million in the first half of the year as a result of ongoing repayments and the taking out of new loans. Net liquidity came to EUR -7.5 million as of the reporting date (previous year: EUR -17.7 million; 31 December 2017: EUR 0.3 million).

Investments and Company Acquisitions

Investments in property, plant and equipment amounted to EUR 1.7 million (previous year: EUR 2.5 million) and mainly comprised regular investments in factory and office equipment replacement and expansions such as IT equipment and furnishings. With the opening of several additional offices at the same time in Germany as well as the expansion of existing branches, investments in this item were higher in the previous year. There is no investment backlog to report.

With the acquisition of Fabis Sales Solutions GmbH & Co. KG, adesso expanded its product portfolio in the reporting period to include standard modules for sales management and commission settlement. The acquisition price was EUR 1.5 million. Please refer to the notes in the consolidated interim financial statements for further details on this transaction.

LIQUIDITY AND BALANCE SHEET STRUCTURE

<i>in EUR k</i>	Q2 2018	Q1 2018	Q2 2017	Q1 2017
Liquid assets	39,744	43,429	28,144	38,668
Financial liabilities	47,258	44,624	45,811	45,710
Net cash position	-7,514	-1,195	-17,667	-7,042
Operating cash flow	404	1,786	-5,502	2,052
Goodwill	43,895	44,260	43,677	43,369
Equity	68,772	69,579	58,100	60,533
Equity ratio	33.5%	32.5%	31.5%	31.4%

SUBSEQUENT EVENTS

Except for the acquisition of Collogia Trianova GmbH (please refer to the appendix of this interim report) no events of particular importance which we expect to have a material impact on the asset, financial or profit situation of the adesso Group have taken place since 1 July 2018.

FORECAST, OPPORTUNITIES AND RISK REPORT

FORECAST REPORT

Framework Conditions

Economic development in Germany and in the key global markets for adesso as forecast by leading economists has largely been confirmed after the first half of the year. This means that the market-based assumptions for the full-year forecast for adesso business development in 2018 continue to apply.

Global economic indicators point to a continuation of the global upswing. In its forecast from the end of May, the OECD expects global growth of 3.8% in 2018 and 3.9% in 2019, following on from 3.8% in 2017. This estimate assumes that the US tax reform will cause a certain degree of stimulus, at least temporarily, in terms of US but also global demand. The global economy, however, continues to be beset with numerous risks, not least due to ongoing trade disputes.

In April 2018, the market research company Gartner significantly raised its forecast for global IT spending. According to this, it is expected to increase by 6.2% to USD 3.7 trillion in 2018. In January 2018, growth was still estimated to be 4.5%. The background to this is said to be primarily the low exchange rate for the US dollar in comparison with many foreign currencies.

IT services is now expected to grow by 7.4 % compared to the previous year. The Enterprise Software segment is forecast to grow by 11.1 % in 2018. Both segments are also expected to continue their growth into 2019. IT services increased by 4.6 % and Enterprise Software by 8.4 %. Gartner bases this positive outlook for providers of Enterprise Software on the opportunities resulting from the expansion of digital business. Information technology also continues to be a driver of growth for the economy in Germany. According to the latest assessments published by the digital association Bitkom in February 2018, the IT market volume will grow by 3.1 % to EUR 88.8 billion in 2018. In 2018, the software and the IT services segments will record the highest growth rates, at 6.3 % and 2.6 %, respectively.

Anticipated Development of adesso AG

In the first half of 2018, business grew by 19 %, with sales continuing to increase far in excess of the market as a whole as the year progressed. Incoming orders, the order situation and capacity utilisation are at good levels as of the reporting date, and sales are expected to continue to improve in the second half of the year. Additional employees are being recruited at all adesso subsidiaries. The sales target for 2018 of more than EUR 350 million seems to be feasible. In comparison to the first half of the year, EBITDA is estimated to increase in the second half of 2018. The second half of the year contains four more working days, meaning potential for more sales. In addition, licensing and SaaS revenues are expected to be higher. We stand by our earnings forecast for the full year of 2018 in terms of EBITDA of more than EUR 27.7 million (first half of 2018: EUR 12.1 million) and an EBITDA margin target of at least 7.5 %.

There are no unusual property, plant and equipment investments planned for the second half of the year, with the exception of potential acquisitions. Investments of EUR 4 million is likely to be planned for resources for the expansion of Group headquarters in Dortmund in January and February 2019. The capital required for this has already been financed through credit lines. As in previous years, operating cash flow is expected to be noticeably higher in the second half of 2018 than in the first half of the year.

Both sales and the operating result are expected to increase further in 2019.

Our outlook takes into account all influencing factors known to us at the time of preparing the report and relevant to adesso's business development. This outlook is based on projected economic developments and does not include any other potential acquisitions.

Opportunities and Risk Report

The adesso Group has continued its efforts to open up new business opportunities. adesso pursues a pronounced organic growth strategy. New offices in Germany and Switzerland provide potential for recruitment and local market penetration. The new adesso subsidiaries in Bulgaria and Spain provide further opportunities to acquire new customers and expand product portfolios for particularly price-sensitive software development services. Digitalisation-related mega trends such as the Internet of Things, artificial intelligence and big data open up a variety of concepts for customer projects in all core sectors of adesso. The opportunities remain unchanged from the explanations in the Annual Report 2017.

adesso is subject to a number of risks that could have a negative impact on financial development. They arise from its business activities and in view of the Group's increasing size and complexity as well as its scope of activities in foreign countries. Please refer to the Group Management Report as of 31 December 2017 for a description of all risks and the applied risk management methods. Group-wide risks from economic developments are explained in the forecast report of this interim report.

We did not identify any further material systemic risks in the first six months of financial year 2018 except those stated in the Annual Report 2017 and the forecast report of this interim report. Additional risks not yet known to us as well as risks that we are currently not deeming to be material could also have a negative effect on company developments. That being said, we do not expect risks to occur that could pose a danger to the company as a going concern in the remaining months of the financial year.

CHRIS TERHAAR

*Software Engineer
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CONSOLIDATED INTERIM STATEMENT

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CONSOLIDATED BALANCE SHEET

OF ADESSO GROUP AS OF 30 JUNE ACCORDING TO IFRS

ASSETS

<i>in EUR k</i>	<i>30 June 2018</i>	<i>31 Dec 2017</i>
NON-CURRENT ASSETS		
Goodwill	43,895	42,823
Intangible assets	14,035	13,949
Property, plant and equipment	8,424	8,728
Equity method investments	2,861	2,116
Financial assets	921	929
Income tax receivables	0	0
Deferred taxes	812	910
	70,948	69,455
CURRENT ASSETS		
Cash on hand and at bank	39,744	46,497
Trade accounts receivable	77,232	61,818
Contract assets*/Receivables PoC	9,339	19,641
Income tax receivables	1,789	1,453
Financial assets	383	314
Other assets	4,260	3,634
	132,747	133,357
TOTAL ASSETS	203,695	202,812

* Shown for the first time from 01.01.2018 as a result of the changeover to IFRS 15.

Consolidated Balance Sheet

EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>30 June 2018</i>	<i>31 Dec 2017</i>
EQUITY		
Subscribed capital	6,174	6,174
Capital reserve	16,494	17,226
Other retained earnings	45,548	42,796
Currency translation reserve	529	690
Non-controlling interests	28	137
	68,773	67,023
NON-CURRENT LIABILITIES		
Financial liabilities	32,364	32,278
Pensions and similar liabilities	162	168
Provisions	7,832	7,491
Contract liabilities*	369	0
Other liabilities	89	108
Deferred tax liabilities	3,321	3,378
	44,137	43,423
CURRENT LIABILITIES		
Financial liabilities	14,894	13,877
Trade accounts payable	11,469	12,713
Contract liabilities* / Liabilities PoC	13,768	10,582
Income tax liabilities	5,097	4,201
Provisions	9,163	6,976
Other liabilities	36,394	44,017
	90,785	92,366
TOTAL EQUITY AND LIABILITIES	203,695	202,812

CONSOLIDATED INCOME STATEMENT

OF ADESSO GROUP FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRSG

<i>in EUR k</i>	<i>1st HY 2018</i>	<i>1st HY 2017</i>
Sales revenues	177,547	149,640
Other operating income	2,425	1,434
Own work capitalised	123	0
TOTAL INCOME	180,095	151,074
Costs of material	-24,924	-19,386
Personnel costs	-114,392	-98,069
Other operating expenses	-28,697	-26,008
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)	12,082	7,611
Scheduled depreciation of property, plant and equipment	-4,215	-3,926
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	7,867	3,685
Earnings from shares recognised under the equity method	-4	200
Interest income and similar income	57	10
Interest expenses and similar expenses	-283	-418
INCOME FROM ORDINARY ACTIVITIES (EBT)	7,637	3,477
Income taxes	-2,649	-1,265
CONSOLIDATED EARNINGS	4,988	2,212
of which attributable to shareholders of adesso AG	4,982	2,243
of which attributable to non-controlling interests	6	-31
Number of shares at the end of the period	6,174,203	6,174,203
EARNINGS PER SHARE (DILUTED/BASIC, IN €)	0.81	0.36

CONS. STATEMENT OF COMPREHENSIVE INCOME

OF ADESSO GROUP FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRSG

<i>in EUR k</i>	<i>1st HY 2018</i>	<i>1st HY 2017</i>
Consolidated Earnings	4,988	2,212
OTHER COMPREHENSIVE INCOME, SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT		
Currency translation differences	-161	9
OTHER COMPREHENSIVE INCOME	-161	9
TOTAL INCOME	4,827	2,221
of which attributable to shareholders of adesso AG	4,821	2,252
of which attributable to non-controlling interests	6	-31

Consolidated Income Statement
 Consolidated Statement of Comprehensive Income
 Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT

OF ADESSO GROUP FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRSG

<i>in EUR k</i>	<i>1st HY 2018</i>	<i>1st HY 2017</i>
EARNINGS BEFORE TAX	7,637	3,477
Income from financing activities	226	409
Depreciation and amortization on property, plant and equipment and intangible assets	4,215	3,926
Result from shareholdings recognized under the equity method	4	-200
Non-cash income/expenses	1,131	344
Change in pension provisions	-6	-7
Change in other provisions	2,299	1,258
Tax payments	-2,432	-2,977
Change to net operating assets	-10,884	-9,680
CASH FLOW FROM OPERATING ACTIVITIES	2,190	-3,450
Acquisition of joint ventures/associated companies	-1,379	-413
Investments in property, plant and equipment	-1,730	-2,504
Investments in intangible assets	-1,335	-433
Acquisition of subsidiaries (less purchased cash and cash equivalents)	-1,499	-3,609
CASH FLOW FROM INVESTMENT ACTIVITIES	-5,943	-6,959
Dividend payments	-2,521	-2,370
Dividends from shares recognised under the equity method	536	477
Capital increase	0	53
Purchase of non-controlling interests	0	-148
New liabilities to banks	2,700	1,999
Repayment of financial liabilities	-3,270	-4,100
Payments from non-controlling interests	0	4
Interest paid	-305	-397
Interest received	7	7
CASH FLOW FROM FINANCING ACTIVITIES	-2,853	-4,475
Currency differences	-147	-116
CHANGE IN CASH AND CASH EQUIVALENTS	-6,753	-15,000
Cash and cash equivalents at the beginning of the period	46,497	43,144
Cash and cash equivalents at the end of the period	39,744	28,144

CONSOLIDATED SHAREHOLDERS EQUITY STATEMENT

OF ADESSO GROUP FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRSG

<i>in EUR k</i>	<i>Subscribed capital</i>	<i>Capital reserves</i>
01.01.2017	6,167	17,235
Share-based compensation	0	26
Effects from the acquisition of additional shareholdings in subsidiaries	0	-99
Increase in share capital by exercises of stock options	7	45
Other comprehensive income for the period	0	0
Consolidated profit/loss	0	0
Total comprehensive income	0	0
Dividends	0	0
30.06.2017	6,174	17,207
31.12.2017	6,174	17,226
First time adoption of IFRS 9 and 15	0	0
01.01.2018	6,174	17,226
Share-based compensation	0	36
Effects from the acquisition of additional shareholdings in subsidiaries	0	-768
Other comprehensive income for the period	0	0
Consolidated profit/loss	0	0
Total comprehensive income	0	0
Dividends*	0	0
30.06.2018	6,174	16,494

* Dividend payment of EUR 2,470 thousand corresponds to EUR 0.40 per share.

Consolidated Shareholders
Equity Statement

	<i>Other reserves</i>	<i>Currency translation reserves</i>	<i>Equity of adesso AG shareholders</i>	<i>Other non-controlling shareholders</i>	<i>Total Equity</i>
	33,989	899	58,290	25	58,315
	0	0	26	0	26
	0	0	-99	-45	-144
	0	0	52	0	52
	0	9	9	0	9
	2,243	0	2,243	-31	2,212
	2,243	9	2,252	-31	2,221
	-2,220	0	-2,220	-150	-2,370
	34,012	908	58,301	-201	58,100
	42,796	690	66,886	137	67,023
	240	0	240	0	240
	43,036	690	67,126	137	67,263
	0	0	36	0	36
	0	0	-768	-64	-832
	0	-161	-161	0	-161
	4,982	0	4,982	6	4,988
	4,982	-161	4,821	6	4,827
	-2,470	0	-2,470	-51	-2,521
	45,548	529	68,745	28	68,773

CONSOLIDATED NOTES

TO THE CONDENSED INTERIM REPORT AS AT 30 JUNE 2018

General Information and Accounting Principles

The consolidated interim report as at 30 June 2018 was prepared in accordance with International Accounting Standard (IAS) 34 “Interim Reporting” in the version recognised by the European Union as well as under application of Section 315a of the German Commercial Code (HGB). The interim report contains all information required by this standard and in association with the applicable International Financial Reporting Standards (IFRS). It provides an update to the information reported by adesso in the 2017 consolidated financial statements.

The consolidated interim report was not audited pursuant to Section 317 of the German Commercial Code (HGB), nor was it assessed.

Impact of new accounting standards

In general, the accounting and valuation methods used to prepare the interim financial statements as at 31 December 2017 were also applied to this interim report. The new standards concerning financial instruments (IFRS 9) and requirements regarding revenue from contracts with customers (IFRS 15) have been applied for the first time from 1 January 2018, and therefore differently to the consolidated financial statements as at 31 December 2017.

The application of these new standards has had a significant effect on adesso’s net assets, financial position and results of operations. The standards were applied for the first time in accordance with the modified retrospective approach. The effects of the changes are recognised in retained earnings. Previous-year figures have not been adjusted.

The effects of the application of IFRS 9 at adesso primarily concerned the new requirements for the calculation of impairments on trade accounts receivable and on contract assets. adesso has applied the easement contained in IFRS 9 relating to trade accounts receivable and contract assets, which allows for impairments to be recognised in the amount of the expected default for the entire term.

The effects of the application of IFRS 15 at adesso mainly relate to the capitalisation and amortisation of expenses for contracts concluded with customers (mostly resulting from commission payments in sales). Furthermore, the application of IFRS 15 resulted in down payments (formerly recognised primarily in liabilities PoC) being included in the calculation of the value of contract assets (formerly recognised primarily in receivables PoC), provided said down payments were attributable to contract assets and vice versa. A positive balance of claims and down payments is recognised as a contract asset while a negative balance of the same is recognised as a contract liability. Pending losses are to be recognised separately as provisions pursuant to IAS 37 and no longer offset against the receivable PoC pursuant to IAS 11. By the same token, deferrals are recognised under contract liabilities provided these deferrals include amounts recognised in advance as income for performance obligations that have not yet been met. As at 31 December 2017, deferrals were recognised under other liabilities.

The effects of the application of IFRS 9 and IFRS 15 on the balance sheet as at 1 January 2018 are as follows:

<i>in EUR k</i>	<i>31 Dec 2017</i>	<i>Application of IFRS 9</i>	<i>Application of IFRS 15</i>	<i>1 Jan 2018</i>
Intangible assets	13,949	0	566	14,515
Deferred tax assets	910	13	0	923
Trade receivables	61,818	-176	0	61,642
Contract assets	0	-29	11,336	11,307
Receivables PoC	19,641	0	-19,641	0
Other liabilities	44,125	0	-4,427	39,698
Contract liabilities	0	0	6,478	6,478
Other retained earnings	42,796	-141	381	43,036
Deferred tax liabilities	3,378	-51	185	3,512
Liabilities PoC	10,582	0	-10,582	0
Current provisions	6,976	0	226	7,202

The differences in measurement at the point of first-time application on 1 January 2018 had a positive effect on retained earnings of EUR 240 thousand. This affected both the IT Services segment (+EUR 36 thousand) and the IT Solutions segment (+EUR 204 thousand).

Mergers

On 8 February 2018, adesso acquired 100% of shares in Fabis Sales Solutions GmbH & Co. KG and its general partner company Fabis Verwaltung GmbH, Bamberg, Germany, which will be merged with adesso insurance solutions GmbH within the second half of the year. As a result of the acquisition, adesso's in-house in|sure product portfolio was expanded to include standard modules for sales management and commission settlement. The purchase price for the shares was paid in cash and amounted to EUR 1,500 thousand. No other purchase price payments exist.

The fair value of the receivables resulting from supplies and services acquired was EUR 314 thousand. The contractual cash flows from receivables amount to EUR 314 thousand. Ancillary acquisition costs totalled EUR 7 thousand. They are recognised under "Other operating expenses" in the consolidated income statement.

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

Consolidated Notes

<i>in EUR k</i>	<i>Fabis companies</i>
Goodwill	961
Customer lists	124
Order backlog	77
Software	600
Trade receivables	314
Liquid assets	1
TOTAL ASSETS	2,077
Provisions	3
Trade payables	298
Liabilities to banks	12
Other liabilities	2
Deferred tax liabilities	262
TOTAL LIABILITIES	577
Net assets	1,500
Consideration	1,500
Cash and cash equivalents received	1
Actual cash outflow for acquisition	1,499

The sales revenues and earnings contribution of both Fabis companies recognised by adesso in the interim financial statements cannot be determined due to the intended merger with adesso insurance solutions GmbH and the fact that its organisational integration has already begun. Would both have been included in the consolidated financial statements as at 1 January 2018, this would not have had a significant impact on consolidated sales revenues or the profit for the period.

Other acquisitions and foundations

By paying the purchase price on 2 January 2018, adesso AG acquired a further 34 % of shares in com2m GmbH, Dortmund, and now holds a 59 % stake in the company. The cost of purchasing these shares amounted to EUR 725 thousand. As a result of the acquisition and due to company law regulations, com2m GmbH is now considered a joint venture and no longer as an associate. Pursuant to IFRS 11 in conjunction with IAS 28, com2m GmbH is to still be included in adesso's consolidated financial statements under the equity method.

adesso companies in Spain and Bulgaria were established effective as at 23 January 2018 and 8 March 2018 respectively. The newly founded companies are to be integrated into the sales organisation of the adesso Group and, in doing so, the local market be cultivated.

Effective as at 11 May 2018, adesso increased its stake in soccerwatch.tv GmbH to 31 %. The cost of purchasing these additional shares amounted to EUR 500 thousand. The increase in this stake did not have an impact on the accounting status. The company remains an adesso joint venture.

On 2 May 2018, adesso acquired 20% of the shares in Trilux Digital Solutions GmbH, Arnsberg, Germany. The purchase price for the shares was paid in cash and amounted to EUR 100 thousand. This marks adesso's investment in the development opportunities offered through digitalisation in the lighting industry. The shares in the company are included in the consolidated financial statements according to the equity method.

adesso increased its stake in MediOne GmbH (formerly: re:doc GmbH) effective as at 21 June 2018. adesso increased its share in MediOne GmbH from 50% to 57% in return for the payment of EUR 50 thousand. Under its contractual provisions, MediOne GmbH remains a joint venture of adesso.

The acquisition of the remaining 49% non-controlling interest in adesso Transformer GmbH was the result of a combined put/call option. The resulting liability amounted to EUR 832 thousand as at the reporting date.

Basis of consolidation

Next to the parent company adesso AG, Dortmund/Germany, all 23 subsidiaries (31 December 2017: 21) were included in the consolidated interim statement as at 30 June 2018 as fully consolidated subsidiaries. In addition, three associates (31 December 2017: three) and three joint ventures (31 December 2017: two) were recognised in the consolidated interim statements under the equity method.

Currency conversion principles

The functional currency for the companies included in the adesso consolidated financial statements corresponds to the respective currency of the country where the company has its registered office. Conversion of the financial statements prepared in the national currency of companies whose functional currency is not the Euro is performed according to the modified closing rate method (IAS 21.39). The amounts below are stated at standard indirect quotations. As an example, as at 30 June 2018 EUR 1 equated to CHF 1.16.

Rate of foreign currency/EUR 1	Closing rate		Average rate	
	30 June 2018	30 June 2017	1st HY 2018	1st HY 2017
Swiss franc (CHF)	1.16	1.09	1.17	1.08
British pound (GBP)	0.89	0.88	0.88	0.86
US dollar (USD)	1.17	1.14	1.21	1.08
Turkish Lira (TRY)	5.34	4.01	4.96	3.95
Bulgarian lev (BGN)	1.96	-	1.96	-

Selected information on the balance sheet

Goodwill

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

in EUR k	30 June 2018			31 Dec 2017		
	Carrying amount	Interest before taxes in %	Gross margin in %	Carrying amount	Interest before taxes in %	Gross margin in %
IT SERVICES SEGMENT						
adesso AG	7,371	8.51	4.2	7,371	6.18	3.26
adesso Austria GmbH	3,552	7.83	6.3	3,552	6.44	-1 to 4.6
Arithnea GmbH	5,054	8.25	10.3	5,054	5.78	10.2
adesso Schweiz AG	9,699	7.54	12.6	9,588	5.42	11.7
TOTAL IT SERVICES SEGMENT	25,676	-	-	25,565	-	-
IT SOLUTIONS SEGMENT						
smarthouse adesso financial solutions GmbH	16,794	10.15	13.6	16,794	4.5	11.8 to 13.5
medgineering GmbH	464	11.14	-25.4 to 69.6	464	9.04	-3 to 76.9
adesso insurance solutions GmbH	961	10.43	8.2	-	-	-
TOTAL IT SOLUTIONS SEGMENT	18,219	-	-	17,258	-	-
TOTAL SEGMENTS	43,895	-	-	42,823	-	-

The rise in goodwill in the IT Solutions segment was the result of the acquisition of both Fabiscompanies, which will be merged with adesso insurance solutions GmbH within the second half of the year. The increase in goodwill at adesso Schweiz AG is due to the effects of exchange rates.

An impairment test for goodwill has to be performed on this basis at least once a year and whenever there are indications of impairment. The annual goodwill impairment test is performed by adesso as at 30 June of the financial year.

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

Estimating the value in use and therefore also estimating cash flow is based on management's most recent operational planning. Detailed planning covers one to three years. Sales revenues growth is calculated individually for each operating segment. If it is apparent with one year of planning and an expected increase of incoming cash flows that an impairment will not have to be recognised, further detailed planning is omitted. Thus, as a basis sales growth of each segment was considered to be from 2.4% to 17.3%. At medgineering GmbH, the maximum planned sales revenue growth lies at 392%. Future sales revenues growth estimates

are based on past sales revenues development, expected sales revenues growth in the operating segments and the future development of the market and the overall economy. Hence, adesso has calculated the long-term growth rate for cash flows to be 1 % - as in the previous year. This growth rate does not exceed the long-term expected growth rate for adesso's markets. The company bases its estimates for future cash flows, where possible, on estimates by external analysts. The gross margin (EBT/(sales revenues less cost of materials (above all procured services))) results from the planning for the individual segments. In addition to sales revenues, they also result from the expected expenses incurred by the segments. These are determined individually on the basis of historical performance and expected future developments.

adesso conducts its impairment test based on an after tax assessment. The interest rate before taxes is then calculated as required by IFRS. This is the interest where the cash value of cash flows before taxes corresponds to the amount calculated according to an after tax assessment. This interest rate after taxes corresponds to the weighted average cost of capital determined using the capital asset pricing model. Key parameters for this calculation are the risk-free interest rate (1.25 %, previous year: 1.24 %), a beta factor derived separately for the IT Services and IT Solutions segments from a representative peer group (constituting systematic risk), a market risk premium (6.5 %; previous year: 6.3 %; as the difference between the expected yield of a reference market and the risk-free interest rate), the tax rate and the borrowing cost rate. The parameters underlying the calculation of the weighted average cost of capital, except for the tax rate and the borrowing cost rate, are based on sources external to the company.

In the course of a sensitivity analysis, adesso examined the need for impairment of goodwill in case of possible changes to key parameters for the impairment test. An increase in the weighted average cost of capital by 1 percentage point before taxes, 10 % lower cash flows and a 1 percentage point lower gross margin (EBT/(sales revenues less cost of materials)) were assumed as possible changes. No change in these variables would result in an impairment having to be recognised. The following was reported in the previous year:

<i>30 June 2017</i>	<i>Amount by which the recoverable amount exceeds the carrying amount (EUR k)</i>	<i>Parameter, the possible change in which caused an impairment loss, plus the amount</i>	<i>Required change in the parameter to ensure that the recoverable amount equals the carrying amount</i>
adesso Austria GmbH	483	Interest rate; 6.4 %	+ 0.66 percentage points
		Gross margin (3.0 % - 4.6 %)	- 0.49 percentage points

Financial assets and financial liabilities

The total financial assets held by adesso on the reporting date and in the previous year are assigned to the category "Loans and receivables", and the financial liabilities to the category "Financial liabilities measured at amortised cost". Only one conditional purchase price obligation is measured at fair value.

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

Consolidated Notes

in EUR k	Valuation category	30 June 2018			31 Dec 2017		
		Carrying amount	Fair value	Fair value level*	Carrying amount	Fair value	Fair value level*
ASSETS							
Cash and cash equivalents	LaR	39,744	39,744	-	46,497	46,497	-
Trade receivables	LaR	77,232	77,232	-	61,818	61,818	-
Other financial assets	LaR	1,304	1,304	-	1,243	1,243	-
TOTAL		118,280	118,280		109,558	109,558	
EQUITY AND LIABILITIES							
Trade payables	FL	11,469	11,469	-	12,713	12,713	-
Loans	FL	44,484	44,721	3	44,770	45,103	3
Other financial liabilities		2,774	2,774		1,385	1,385	
as of which purchase price payments recognised on a pro-rata basis	PRPPL	1,620	1,620	3	636	636	3
of which other financial liabilities	FL	1,154	1,154	-	749	749	-
TOTAL		58,727	58,964		58,868	59,201	

* For more information on fair values, please refer to the Annual Report 2017, page 95

LaR: Loans and receivables

FL: Financial liabilities, measured at (amortised) cost

PRPPL: Purchase price liability recognised on a pro-rata basis

The fair value of the loans is calculated by discounting future cash flows from the loans by adesso's current borrowing rate. The fair value that underlies the liability from purchase price payments recognised as instalments is based on the expectation that all relevant persons will provide the agreed performance as well as the expected business development of medengineering GmbH.

Appropriation of net income

The Shareholders' Meeting of adesso AG on 5 June 2018 approved a distribution of dividends for the financial year 2017 in the amount of EUR 0.40 (previous year: EUR 0.36) per share. The dividends paid by adesso AG during the reporting period totalled EUR 2,470 thousand; previous year: EUR 2,220 thousand)

Equity

The share capital of adesso AG, Dortmund, Germany, is EUR 6,174,203 (31 December 2017: 6,174,203). It is divided into 6,174,203 (31 December 2017: 6,174,203) bearer shares (no-par shares). The face amount per share is EUR 1.

Authorised capital

In the Shareholders' Meeting on 5 June 2018, the Executive Board was authorised to increase the share capital until 4 June 2023 with the consent of the Supervisory Board in the amount of up to EUR 2,469,681 by issuing 2,469,681 new no-par bearer shares, on one or more occasions, in exchange for cash contributions and/or contributions in kind (authorised capital 2018). Shareholders are generally entitled to subscription rights. The new shares may be assumed by one or more banks with the obligation to offer subscription rights to the shareholders. The Executive Board - with the consent of the Supervisory Board - has the right to exclude shareholder subscription rights one or more times.

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

The entry in the Commercial Register was made on 31 July 2018.

Conditional capital

As at 30 June 2018, conditional capital amounted to EUR 510,619 (conditional capital 2009 and 2015). Of this amount, EUR 8,729 is not exercisable meaning that exercisable conditional capital amounts to EUR 501,890. The conditional capital is intended for exercising options granted to employees and managers of affiliated companies under stock option plans.

A total of 11,000 options were issued from conditional capital 2015 in the first half of 2018. As at 30 June 2018, a total of 38,500 options have been issued from conditional capital 2015. These options are not exercisable as at the reporting date.

Segment Reporting

There have not been any changes in the way adesso Group companies are allocated to the segments and how the segment result has changed compared to financial year 2017. Fabis companies will be allocated to the IT Solutions segment following its merger with adesso insurance solutions GmbH.

SEGMENT REPORTING, FIRST HALF OF 2018

<i>in EUR k</i>	<i>IT Services</i>	<i>IT Solutions</i>	<i>Reconciliation commercial law/IFRS</i>	<i>Consolidation</i>	<i>Consolidated</i>
Sales revenues	163,696	35,640	5,029	-26,818	177,547
Changes in inventories	3,909	562	-4,471	0	0
Own work capitalised	0	0	0	123	123
Other operating income	4,816	2,176	-2,569	-1,998	2,425
Costs of material	-43,962	-7,232	-85	26,354	-24,924
Personnel costs	-94,500	-22,988	3,593	-497	-114,392
Other operating expenses	-22,882	-6,563	-845	1,593	-28,697
EBITDA	11,078	1,595	652	-1,243	12,082
Depreciation and amortisation	-2,121	-787	-17	-1,291	-4,215
Amortisation of goodwill	-1,522	-133	1,655	0	0
EBIT	7,436	676	2,289	-2,534	7,867
Income from financing and investment activities	3,134	-115	174	-3,423	-230
EARNINGS BEFORE TAX	10,570	560	2,463	-5,957	7,637
Amortisation of goodwill	1,522	133	-2,575	921	0
EBT before amortisation of goodwill	12,092	693	-112	-5,036	7,637

SEGMENT REPORTING, FIRST HALF OF 2017

<i>in EUR k</i>	<i>IT Services</i>	<i>IT Solutions</i>	<i>Reconciliation commercial law/IFRS</i>	<i>Consolidation</i>	<i>Consolidated</i>
Sales revenues	133,897	33,268	3,574	-21,099	149,640
Changes in inventories	2,774	265	-3,039	0	0
Own work capitalised	0	0	0	0	0
Other operating income	5,041	1,977	-3,348	-2,236	1,434
Costs of material	-34,416	-5,902	69	20,863	-19,386
Personnel costs	-81,279	-19,935	3,419	-275	-98,069
Other operating expenses	-20,708	-6,847	-488	2,035	-26,008
EBITDA	5,310	2,827	186	-711	7,611
Depreciation and amortisation	-1,719	-660	0	-1,547	-3,926
Amortisation of goodwill	-1,558	-133	1,691	0	0
EBIT	2,034	2,034	1,876	-2,258	3,685
Income from financing and investment activities	3,378	52	6	-3,645	-208
EARNINGS BEFORE TAX	5,410	2,086	1,882	-5,903	3,477
Amortisation of goodwill	1,558	133	-1,691	0	0
EBT before amortisation of goodwill	6,968	2,219	191	-5,903	3,477

The following table shows the allocation of sales with external customers by the customers registered office and non-current material and intangible assets by the location of the assets to geographical segments as required by IFRS 8.

in EUR k	External sales revenues by the customer's registered office		Non-current assets	
	1. Hj. 2018	1. Hj. 2017	30.06.2018	31.12.2017
Germany	144,947	119,157	51,187	50,244
thereof goodwill			30,644	29,683
Austria	3,782	3,064	3,650	3,650
thereof goodwill			3,552	3,552
Switzerland	23,438	22,039	11,329	11,438
thereof goodwill			9,699	9,588
Other	5,439	5,381	188	168

More than 10 % of the sales generated by adesso were not applicable to any one customer in the interim reporting periods 2018 and 2017.

SUPPLEMENTARY INFORMATION

Long-term remuneration

Long-term remuneration is calculated on the basis of the parameters described in the Annual Report 2017.

Remuneration of the virtual shares granted to the Executive Board amounted to EUR 339 thousand during the reporting period (H1 2017: EUR 251 thousand).

Related party disclosures

adesso maintains ordinary business relationships with associated non-consolidated companies and other related parties at market terms and conditions. Loans were not issued to members of the Executive Board or Supervisory Board.

As at 30 June 2018, there were no significant changes to the related party disclosures included in the consolidated financial statements as at 31 December 2017.

Earnings per share

As at 30 June 2018, 7,342 outstanding options for the purchase of one share under the employee participation plan (H1 2017: 6,176) had to be taken into account in calculating the diluted earnings per share.

1st HY	2018	2017
Proportion of consolidated earnings allocated to adesso AG shareholders (in EUR k)	4,982	2,243
Average number of shares issued and outstanding	6,174,203	6,167,536
Undiluted earnings per share (in EUR)	0.81	0.36
Average number of shares issued and outstanding, including the dilution effect of outstanding options	6,181,545	6,173,712
Diluted earnings per share (in EUR)	0.81	0.36

Other disclosures

The Executive Board and Supervisory Board found approval of their actions at the Annual Shareholders' Meeting on 5 June 2018. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Dortmund/Germany was appointed by the Annual Shareholders' Meeting as auditor of the annual financial statements and consolidated financial statements for financial year 2018.

Events after the balance sheet date

On 13 July 2018, adesso concluded an agreement to purchase the assets and liabilities of the business operations of Collogia Trianova GmbH effective as at 31 August 2018. These business operations comprise IT-based services and solutions relating to pension schemes and working time accounts and similar issues. The company uses in-house-developed software called CollPhir. The acquired business operations hold a market-leading position in the market for inventory management systems for company pensions and the management of working time accounts. The purchase price amounts to EUR 3.8 million, plus or minus certain amounts determined in financial statements to be prepared as at 31 August 2018.

On 3 July 2018, 1,890 new shares were converted from conditional capital 2009 due to the conversion of options under the employee participation plan. The average issue price amounts to EUR 7.31 per share. There are no more exercisable options under the conditional capital 2009.

Fabis Sales Solutions GmbH & Co.KG was merged into adesso insurance solutions GmbH as part of an accrual on 31 July 2018.

STATEMENT OF THE LEGAL REPRESENTATIVES

We confirm that the Consolidated Interim Statement, in accordance with the applicable accounting principles in observation of the principles of proper accounting and to the best of our knowledge, present a true and fair view of the group's net assets, financial position and results of operations, and that the consolidated interim management report presents a true and fair view of the group's results of operations and position in addition to describing the material opportunities and risks for the expected development of the group over the remaining course of the financial year.

Dortmund, August 2018

adesso AG



Michael Kenfenheuer



Christoph Junge



Andreas Prenneis

FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements that pertain to the business, financial position and income of adesso AG. Forward-looking statements are not historical facts and are indicated by a number of terms, including “believe”, “expect”, “predict”, “intend”, “forecast”, “plan”, “estimate”, “endeavour”, “foresee”, “assume”, “pursue the goal” and other similar expressions. Forward-looking statements are based on current plans, estimates, forecasts and expectations and are therefore subject to risks and elements of uncertainty that could result in significant deviations between actual developments, income and performance and the developments, income and performance explicitly stated or implicitly supposed in the forward-looking statements. Readers are advised not to place undue faith in these forward-looking statements, which are valid solely at the moment at which they are made. adesso AG does not intend to publish an update of these forward-looking statements to take into account events or circumstances that take place or arise after the date of publication of this interim report and does not assume any liability for doing so.

INVESTOR RELATIONS

The Share

First Half of the Trading Year 2018 – General Conditions

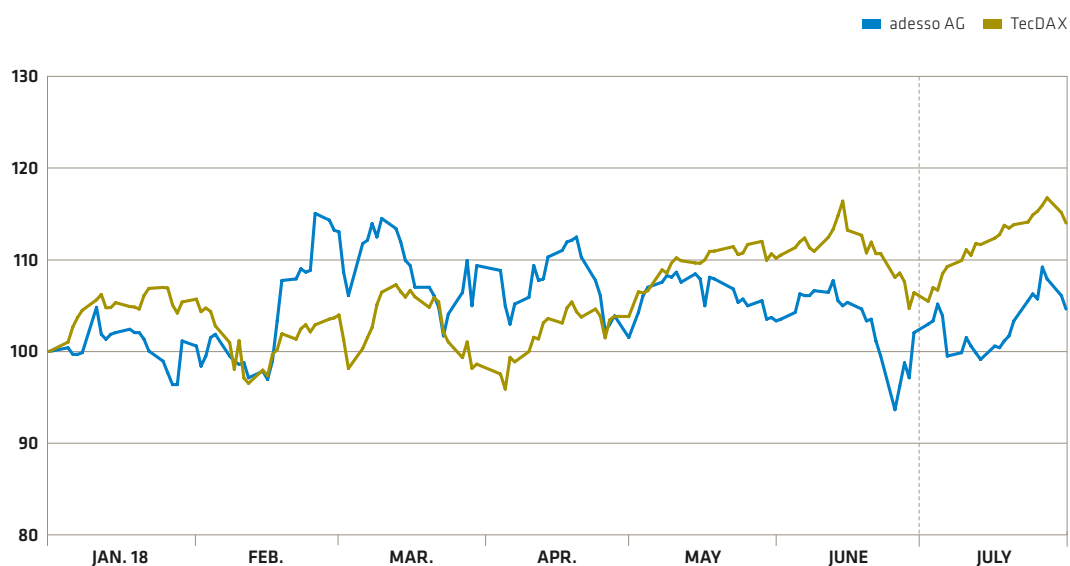
The first half of the trading year 2018 was characterised by market volatility, following relatively calm waters in the previous year. Spurred by positive economic data and a more favourable euro exchange rate, the German leading index, the DAX, grew strongly by 5 % in the first half of the year. It reached a new all-time closing high of 13,560 points on 23 January 2018. Considering the high valuations, and in expectation of renewed consolidation, investors used the opportunity for profit taking. As a result, the “overheated” stock markets cooled significantly. Starting in the USA, many stock markets, including in Germany, saw a massive slump in prices. Within a few days increasing interest in the bond market, a strengthened euro and growing fears of inflation even pushed the DAX below its level at the start of the year. Phases of recovery in February and March were each followed by noticeable consolidation phases, driving the DAX deeper into the red. On 26 March 2018, the DAX closed at a half-year low of 11,787 points, a loss of 9 % compared to the start of the year. The recovery that followed resulted in positive indications from the second week in May. However, due to an escalating global trade war and threats of punitive tariffs, that brightening sentiment did not last long. From the end of May and after a further recovery above all from mid-June, the DAX started to slide again. The DAX closed at 12,306 points on the half-year closing date at the end of June, a loss of 5 % compared to the start of the year. While the MDAX also dropped slightly by 1 % after the first half of 2018, the TecDAX developed positively in the same period, recording an increase of 6 % from the start of the year.

Development of the adesso Share

The adesso share only followed stock market trends to a limited extent in the first half of 2018. While the indices were reaching new highs, the adesso share price at the height of the boom was 4 % lower than its previous-year closing price despite increases at the beginning of the year. The adesso share did not receive significant support in high-volume trading until after the ad-hoc announcement, on 16 February 2018, of a strong fourth quarter and the expectation that forecasts that had been revised downward during the year would be exceeded. The price then increased to EUR 58.90. The announcement of a further acquisition, recommendations in the financial media and increased estimates from analysts helped the share to a new closing high for the year to date of EUR 62.90 on 23 February 2018. During the course of trading that day investors paid up to EUR 63.20 for adesso shares. While, at the time, the adesso share was still outperforming the TecDAX by 12 %, that lead was lost completely by the end of March. With falling trading volumes, there were price jumps in both directions. Price volatility continued in the following month, and the adesso share outperformed the significantly ailing TecDAX most of the time. On the other hand, the share only partially benefited from the more sustainable recovery of the TecDAX that followed until mid-June. From the second week of May its price dropped slowly as trading volumes decreased further, while the TecDAX advanced to its high for the year to date, at 2,944 points on 14 June 2018. At that point, the TecDAX had gained 16 % since the start of the year, while the price of the adesso share had risen by 5 %. Both the selective indices and the adesso share saw further significant losses before the end of the first half of the year, with the adesso share reaching a price of EUR 55.80 on the closing date, 30 June 2018, an increase of 2 % from the start of the year. While the TecDAX fell further from its high for the year to date, it nonetheless gained 6 % on the closing date.

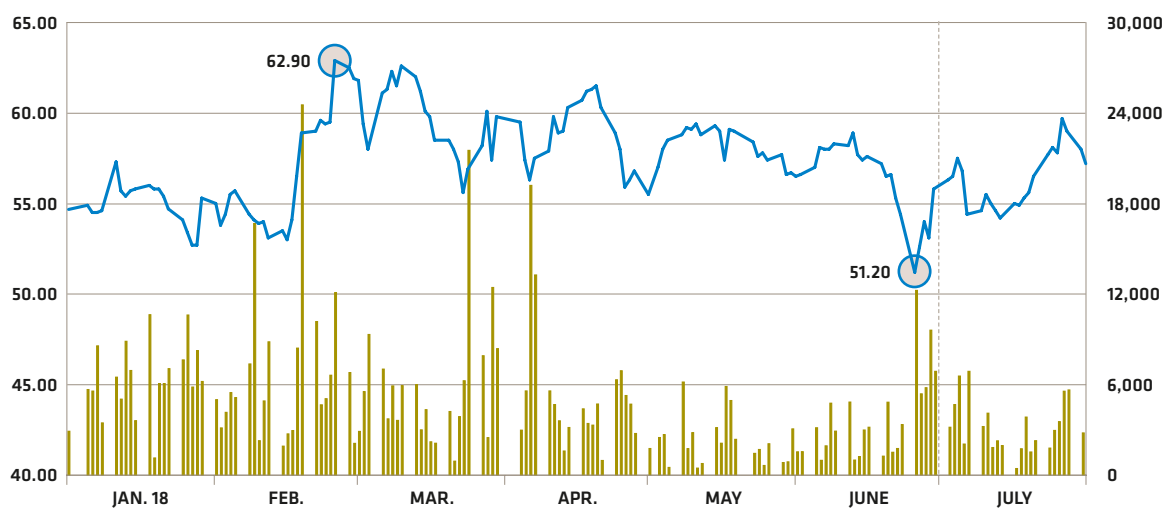
DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE TECDAX

indexed



DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

in EUR/trading volumes in shares



adesso's market capitalisation increased slightly in the first half of 2018, by 2 % to EUR 344.5 million, from EUR 337.5 million at the end of 2017. The average monthly volume of adesso shares traded in the first half of the year was EUR 8.0 million. In the first half of the year, an average of 6,707 shares were traded each day. The strongest trading day was 16 February 2018, with 33,791 shares, 24,535 of which were traded via Xetra. An average of 139,722 adesso shares were traded monthly.

Development to Date in the Second Half of 2018

At the start of the second half of the year, the German benchmark indices recovered noticeably in a renewed positive market environment. It wasn't until the end of July 2018 that new concerns regarding the assumed spillover effects of the currency devaluation in Turkey had a negative effect on investor sentiment. The adesso share recovered, trending upwards, but its price remained volatile. At the end of June, the share price had increased by 5 % compared to the previous year's closing price, and thereby slightly outperformed the DAX and MDAX, which ended trading with a respective loss of 1 % and a gain of 3 % (MDAX). In the meantime, the TecDAX has built on that lead to achieve its current gain of 14 %.

Capital Measures

In July 2018, share capital increased from EUR 6,174,203 to EUR 6,176,093 after 1,890 stock options from the company's stock option programme were exercised.

Dividends

The Annual Shareholders' Meeting on 5 June 2018 approved the proposal of the Executive Board and Supervisory Board regarding the appropriation of net income and resolved to increase the dividend by 11 % to EUR 0.40 per share. The dividend was credited to shareholders' custodian accounts from 8 June 2018.

Shareholder Structure

The largest shareholder of adesso AG, with 27.9 % of the voting rights, is Prof. Dr. Volker Gruhn, who holds his shares indirectly via the investment company Setanta GmbH. Prof. Dr. Volker Gruhn is the Chairperson of the Supervisory Board of adesso AG and its co-founder. The other co-founder, former member of the Executive Board Rainer Rudolf, who has been a member of the Supervisory Board since 2013, holds the second-largest share of the voting rights – 17.6 %. adesso AG's Supervisory Board holds 45.9 % of the company's share capital, while its Executive Board holds 0.6 % of the share capital. The majority of the assigned voting rights, 76.0 %, are held by private investors. A further 18.9 % are held by institutional investors. The remaining 5.1 % of the company's shares cannot be clearly assigned to a specific class of investor. According to Deutsche Börse AG's definition, the free float is 44.1 %. That figure has not changed since it was reported in the Annual Report 2017.

Investor Relations Activities

Our investor relations activities are dedicated to active communication and ensure that our business activities are transparent. We not only strive to offer ultimate transparency and readily available access to information, but also actively seek dialogue with institutional and private investors, analysts and the financial press. In doing so, we regularly present the development of the company in the course of one-on-one meetings or roadshows. We also take advantage of numerous investor conferences to present adesso AG and enhance our contact to the capital market.

In the first half of 2018, adesso AG and its equity story was presented at two capital market conferences in Germany and at a conference in France. Relations with analysts and professional investors were also strengthened in numerous one-to-one meetings. Two further conferences are planned in the second half of the year. They include participation in the German Equity Forum in Frankfurt, Europe's largest capital market event for corporate financing. A roadshow with investor meetings in France is also planned.

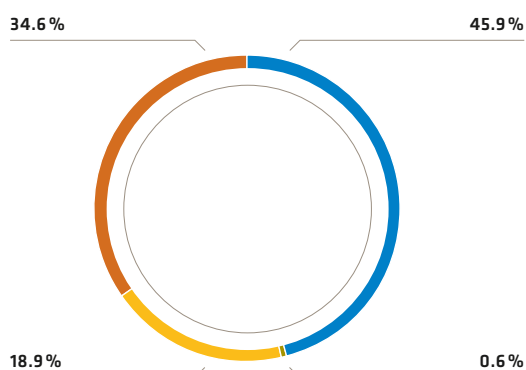
The following table shows the most important share data for 2018 per quarter:

SHARE DATA

	Q1	Q2	1st HY 2018
Price at the end of the period	59.80	55.80	55.80
Development (in%)	9	2	2
Development of TecDAX (in%)	-1	6	6
Highest price in EUR	62.90	61.50	62.90
Lowest price in EUR	52.70	51.20	51.20
Volatility (90 days at the end of the quarter in%)	30.9	33.4	33.4
Trading volumes in shares per trading day	8,674	4,708	6,707
Trading volumes in EUR per trading day	493,618	269,130	382,272
Number of shares	6,174,203	6,174,203	6,174,203
Market capitalisation in EUR million	369.2	344.5	344.5

SHAREHOLDER STRUCTURE

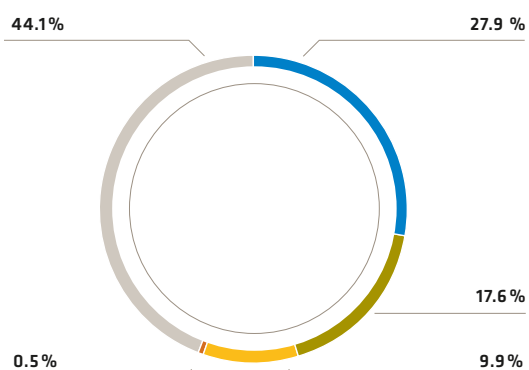
in %



Supervisory Board Executive Board
Institutional Investors Other

SHAREHOLDERS

in %



Prof. Dr. Volker Gruhn (Setanta GmbH)* Rainer Rudolf*
Ludwig Fresenius Lockup Freefloat
*Supervisory Board

Analyses/Research

Since the publication of a baseline study in October 2016, the adesso AG share has been regularly assessed in updates and comments by Warburg Research. Furthermore, valuations are published by the independent analysts of SMC Research, who have been tracking adesso's development since 2013. As part of the merger of WGZ BANK with DZ BANK, the new financial institution operating under the name of DZ BANK continued its coverage of adesso AG, which was initiated in May 2012, in August 2016. Following a change of analyst, DZ

BANK published a new baseline study in 2017. Coverage, which had stopped in the intervening period for internal reasons, was resumed in the first quarter of 2018. The latest updates from analysts were published in May and June 2018. Warburg Research issued a "buy" recommendation with a price target of EUR 71.00 (26 June 2018). SMC Research also issued a "buy" recommendation with a fair value of EUR 72.00 (17 May 2018). The DZ BANK analyst issued a "hold" recommendation for the adesso share with a target price of EUR 57.00 (27 June 2018).

BASIC SHARE DATA

			1st HY 2018	1st HY 2017
ISIN	DE000A0Z23Q5	Number of shares at the end of the period	6,174,203	6,174,203
WKN (national security identification number)	A0Z23Q	Xetra closing price at the end of the period (EUR)	55.80	54.20
Symbol/Code	ADN1	Market capitalisation at the end of the period (EUR million)	344.5	334.6
Reuters Instrument Code	ADNGk.DE	Earnings per share (EUR)	0.81	0.36
Bloomberg Symbol	ADN1:GR	Cash flow per share (EUR)	0.35	-0.56
First day of trading	21.06.2000	P/E Ratio	68.9	150.6
Trading platforms	Xetra	Price-To-Cash-Flow Ratio	157.3	-97.0
Market segment	General Standard			
Number of shares	6,176,093			
Currency	EUR			
Nominal value	No share with nominal value: EUR 1.00 (mathematically)			
Share capital	6,176,093 €			
Voting rights per share	1			
Index	CDAX, DAXsector All Software, DAXsubsector All IT-Services, General All-Share, General Standard Index			
Reporting standard	IFRS			
End of financial year	31.12.			

Since the beginning of 2011, trading of the adesso share has been supported by Oddo Seydler Bank AG (formerly: Close Brothers Seydler Bank AG), the designated sponsoring market leader.

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RECOMMENDATIONS FROM THE FINANCIAL MEDIA AND ANALYST'S OPINIONS

Date	Subject/ Recommendation	Evaluation	Source
2018-08-02	Marathon shares: six titles running the field /buy	[...] Analysts see earnings per share from 2017 to 2022 rise from € 1.79 to € 5.07. If adesso fulfills these targets, the status of a marathon AG would certainly be safeguarded in the future as well. Target: 70.00 €, stop: 48.00 €.	Börse Online
2018-07-18	adesso: better than Amazon	[...] In the past few years adesso was able to leave the trading giants Amazon far behind - that this gap is not even greater is only due to the stagnation since the beginning of 2017. Now the price targets reach back to over 70 euros. Target: 65,00 €, stop: 45,20 €.	Focus Money
2018-06-27	Hold	Target price: EUR 57.00	DZ BANK
2018-06-26	Buy	Target price: EUR 71.00	Warburg Research
2018-06-15	adesso: When will the node finally burst	[...] The stock remains promising, but unfortunately also very lethargic. Above the 60 euro mark a fresh buy signal would be generated. Target: 72.00 €, stop: 41.00 €.	Der Aktionär
2018-05-17	Buy	Target price: EUR 72.00	SMC Research
2018-05-03	adesso: Dynamic growth decreases	[...] When last year's high growth rate had to be paid tribute to the result, the share immediately lost one third of its value. The dent was quickly ironed out, however, and the course reached in the meantime again the previous level. The high valuation shows the confidence of the stock market, which is obviously larger than the realistic forecast of the board.	Nebenwerte Journal
2018-04-23	adesso expects a strong year	Board week old favorite adesso has developed splendidly. [...] We advise the stock to stay invested. Uninvested investors are waiting for a weak trading day to buy the stock slightly cheaper. The growth story is fully intact!	Die Vorstands- woche
2018-02-19	Final quarter speeds up adesso	[...] For 2018, we do not consider an EBITDA increase of more than 25% unlikely. This would justify a visually high P/E of 24. The time to re-enter adesso has therefore come. Accumulate the stock up to 58.00 euros and secure with a stop at 46.40 euros.	Platow Börse

FINANCE CALENDAR

<i>Date</i>	<i>Event</i>
2018-01-11/12	ODDO BHF Forum, Lyon
2018-04-03	Publication of the 2017 annual report, financial press/analyst conference, Dortmund
2018-05-15	Interim announcement of the group within the 1st half-year
2018-05-16	Spring Conference 2018, Frankfurt/Main
2018-06-05	Regular ASM, Dortmund
2018-06-08	Dividend Payment
2018-06-21	Warburg Highlights 2018, Hamburg
2018-08-31	Publication of the 2018 half-year figures
2018-10-08/09	European Large & Midcap Event, Paris
2018-11-06	Roadshow Paris
2018-11-14	Interim announcement of the group within the 2nd half-year
2018-11-26/28	Deutsches Eigenkapitalforum/One-on-Ones, Frankfurt/Main

IMPRESSUM

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