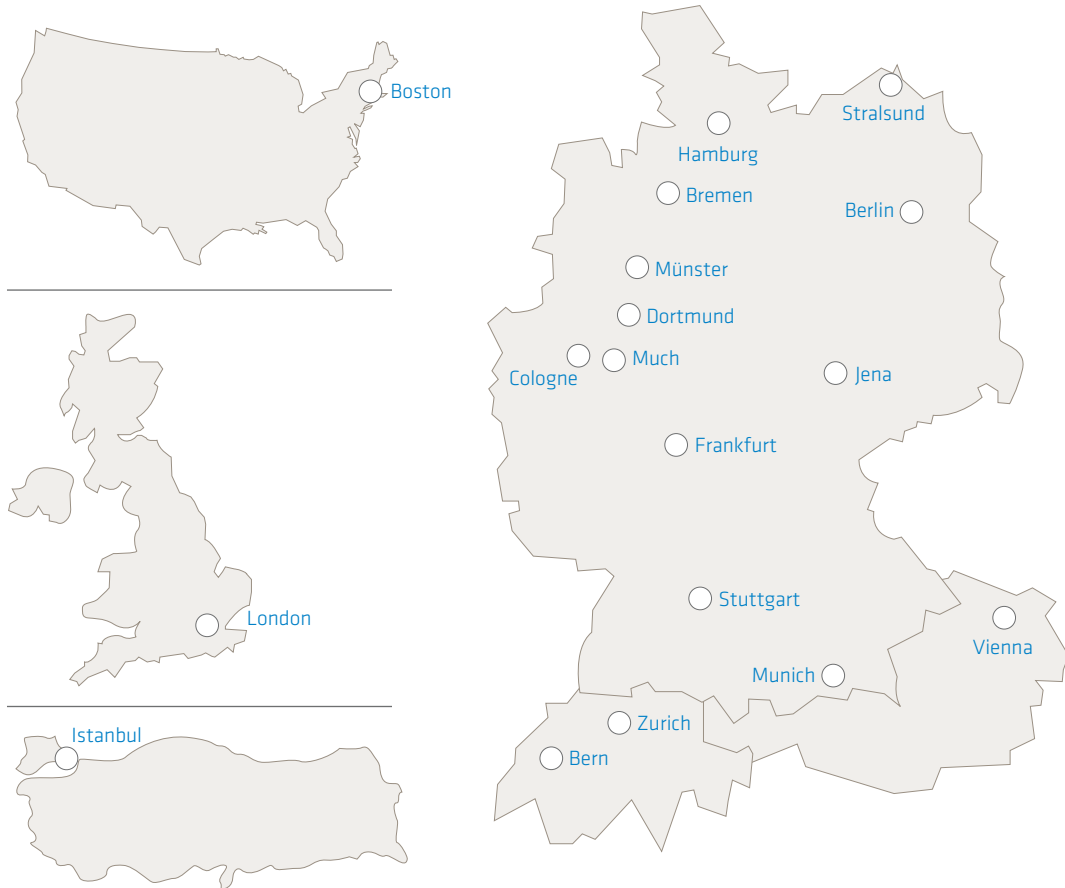


A NEW LEVEL

LOCATIONS



COMPANIES IN ADESSO GROUP

adesso AG Dortmund

adesso Schweiz AG Zurich, Switzerland 100 %	adesso Austria GmbH Vienna, Austria 100 %	adesso Turkey Bilgi Teknolojileri Ltd. Şti. Istanbul, Turkey 100 %	adesso mobile solutions GmbH Dortmund 100 %
adesso insurance solutions GmbH* Dortmund 100 %	adesso hosting services GmbH Dortmund 51 %	ARITHNEA GmbH Neubiberg 100 %	e-Spirit AG Dortmund, 100 %
PSLife Consulting GmbH Munich, 70 %	A3A Strategy Consulting GmbH Cologne 100 %	gativ GmbH Much 61 %	US UK CH
			percision services GmbH Dortmund 100 %

* PSLife GmbH was merged into adesso insurance solutions GmbH as of March 2016

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.

A NEW LEVEL

Starting out from its core business of consultancy and tailored software development, adesso is enjoying increasing success in positioning itself as a solutions provider for its customers' specialised business needs. In addition to its universal standard products, adesso has already been able to establish several industry-specific solutions and products. In the sector that it has dealt with the longest, adesso's own product policy is now moving to a new level:

In this report, entitled A NEW LEVEL, we will profile the adesso strategy for developing a complete software suite for the insurance business. We are pleased to inform you about the value-adding changes that we aim to achieve with our innovative standard software for the insurance sector from page 22 onwards.

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20	Highlights in 2015				
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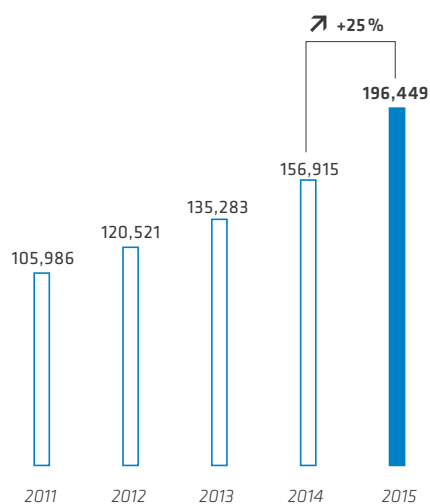
KEY FIGURES

<i>in EUR k</i>	2015	2014	Change	<i>in %</i>
PROFIT SITUATION				
Sales revenues	196,449	156,915	39,534	25
domestic	152,736	131,941	20,795	16
foreign	43,713	24,974	18,739	75
EBITDA	14,283	9,778	4,505	46
EBITDA margin (in %)	7.3	6.2	1.1	18
Consolidated earnings	5,312	3,995	1,317	33
BALANCE SHEET				
Balace sheet total	120,167	84,030	36,137	43
Equity	42,475	38,748	3,727	10
Equity ratio (in %)	35.3	46.1	-10.8	-23
Liquid assets	28,162	23,724	4,438	19
Net cash position	6,416	17,977	-11,561	-64
EMPLOYEES				
Employees (FTE)	1,702	1,377	325	24
domestic	1,456	1,236	220	18
foreign	246	141	105	74
Gross profit/Employees	113	106	7	7
SHARE				
Number	5,799,720	5,793,720	6,000	0
Price at the end of the period (in EUR)	24.07	13.50	10.57	78
Market capitalisation at the end of the period (in EUR m)	139.6	78.2	61.4	79
Earnings per share (in EUR)	0.82	0.59	0.23	39
Dividend per share (in EUR)	0.30*	0.25	0.05	20
P/E ratio	29.4	22.9	6.5	28

* Subject to the approval of the Annual General Meeting

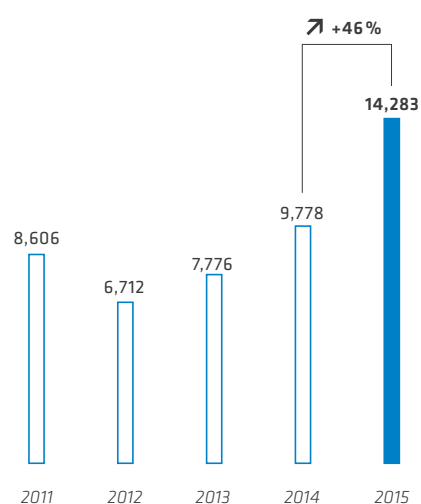
GROWTH IN SALES

in EUR k



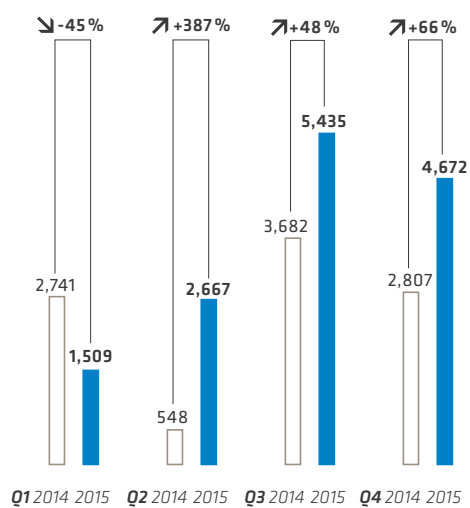
EBITDA-DEVELOPMENT

in EUR k



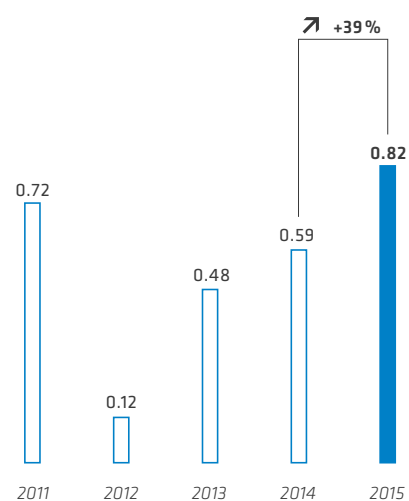
EBITDA DEVELOPMENT (PER QUARTER)

in EUR k



EARNINGS PER SHARE

in EUR



FOREWORD BY THE EXECUTIVE BOARD

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

in 2015, adesso once again succeeded in improving its key economic indicators while laying the foundation for future success through investments and innovations. We were able to build on the positive market environment – especially in Germany – where many sectors are making targeted investments in digitalising business processes and modernising their IT systems. With sales growth of 25% to EUR 196.4 million and a disproportionate increase in the operating result by 46% to a new record of EUR 14.3 million, adesso was able to clearly exceed its sales and earnings growth targets.

“A NEW LEVEL” is the central theme for the 2015 Annual Report. This refers not only to reaching a new level in our product policy, but also to the economic results achieved in 2015. The strategy of developing a complete software suite for the insurance sector is opening up exciting prospects for adesso to create new forms of added value and added value contributions in the years ahead as well. In the medium-term, licenses, a growing basis of maintenance solutions and solid daily rates for implementation offer huge potential for raising sales and margins. You can read more about adesso’s strategic story starting on page 22.

The far-reaching significance of this initiative is evident in the acquisition of the remaining shares of PSLife GmbH. This company developed part of the software suite with its solution for the insurance segment. The acquisition of the former joint venture partner for EUR 5.3 million in April 2015 was a key milestone in adesso’s efforts to position itself as a product provider for the insurance sector. Other segment solutions in health and property insurance are currently being developed and will be used on an operational basis by the first customers in 2016 and 2017 respectively. In 2015, new customer sales were generated with the completed product for life insurance companies. The projects are currently in the implementation stage.

We are also in a position to report on the largest acquisition in the company’s history. In summer 2015, we acquired all of the shares in Born Informatik AG, Berne, Switzerland, as part of succession planning. By merging it with adesso Schweiz AG, with combined sales of over CHF 40 million, we have strengthened our position as a leading IT service provider in the German-speaking part of Switzerland. Besides enlarging the customer base in Switzerland, the takeover will also help adesso to tap into the economic region in and around Berne, which offers considerable potential through companies connected to the government and public administration services. Given the development to date, it is safe to say that the integration was extremely successful: the organisation now spans the locations Zurich and Bern and covers all areas of expertise, the employees have made the merger a positive process, and, more importantly, customers have recognised the added value offered by expanded capacities and a broader product portfolio.

The decision to pool all e-commerce, content management and digital agency activities within the group company Arithnea GmbH was important from a structural point of view. With more than 200 employees, this business, which focuses on end customers, is now one of the largest providers in German-speaking countries. The “Age of the Customer” inspires us as well as our customers. Companies have recognised the challenge and the need



Christoph Junge, Andreas Prenneis, Michael Kenfenheuer (left to right)

for change. Only companies that know their customers and focus on their needs – while offering a consistent brand and shopping experience – will be able to master the digital revolution. adesso offers advice, development, design and marketing services in this field from a single source. In view of this, adesso is acquiring the remaining 49% of shares in Arithnea GmbH ahead of schedule and bringing new skilled employees from throughout the group into this company.

We can all be satisfied with the tax audit decision for the years 2009 to 2013 received in 2015, as the risk of non-recognition of loss carry-forwards, which had been reported since 2007, was definitively laid to rest. We are not quite as satisfied with our progress in internationalisation in the US and UK. Although we were able to attract new customers for our FirstSpirit content management system in the US, we were not able to do so to the extent we had expected.

At this juncture, we would particularly like to highlight the extremely dynamic progress achieved in the core business IT consulting and tailor-made software development in Germany. This business represents the bedrock of adesso Group, even though it seems as if there is little to report in this regard. We were able to attract new adesso employees and customers at all locations. The company succeeded in translating market-based success into solid capacity utilisation while generating strong additional license sales. As a result, earnings per share increased disproportionately by 39%. In view of this development, the Executive Board and the Supervisory Board will propose another dividend increase of 20% to EUR 0.30 per share to the Annual General Meeting following the 19% increase in the previous year.

It is clear that employee loyalty and recruiting are key issues in view of the various growth initiatives at adesso. In a market characterised by strong competition for experienced employees and high potentials, adesso was able to attract an unprecedented number of new employees. We are especially delighted that adesso was ranked as best IT employer in its category in Germany by the Great Place to Work® institute at CeBIT in March 2016. For the first time since taking part in the competition, adesso won top honours. We would like to thank our employees who live by adesso's culture of working with and for each other on daily basis in customer projects while maintaining the highest professional standards.

As you, our shareholders, can probably guess, we have again set ourselves ambitious goals for 2016 with the software solutions for the insurance sector, the various approaches to the internationalisation strategy and the constant expansion of the product portfolio. Our plan is continue adesso's growth story and increase our sales by 12% to 18%, to EUR 220 million to EUR 232 million. Operating earnings (EBITDA) are expected to range between EUR 14.5 million and EUR 17.0 million.

We would all like to thank you, our customers, for giving us the opportunity to put our energy and skills into your projects and for placing your trust in us.

Dortmund, March 2016

The Executive Board



Michael Kenfenheuer



Christoph Junge



Andreas Prenneis

REPORT BY THE SUPERVISORY BOARD



Prof. Dr. Volker Gruhn

Advising and Monitoring of Management

In financial year 2015, the Supervisory Board continued to constantly monitor the management activities of the Executive Board in accordance with legal provisions and the company's bylaws, and advised it in all important decisions in the management of the company. In compliance with its duty to provide information in a timely and comprehensive manner, the Executive Board informed it regularly, in written and oral form, about the situation and the course of business development at the company and its key subsidiaries, as well as about incidents and measures that were relevant for the company. The Supervisory Board received documents about the asset, financial and earnings situation for this purpose on a quarterly basis. Additionally, it received detailed information from the Executive Board about relevant business transactions.

The Supervisory Board is thoroughly convinced that the operating and financial risks are hedged through organisational and internal approval processes. A sound reporting system and an internal control system exist for the company and the Group, both of which are subject to continued further development. The Supervisory Board was informed at regular intervals about the development of particularly relevant projects and the development of the Group companies. The members of the Supervisory Board had sufficient opportunity at all times to critically examine the reports and proposals presented by the Executive Board and contribute their own suggestions. In particular, the Supervisory Board discussed in depth all business transactions that were of significance for the company on the basis of written and oral reports by the Executive Board. The Supervisory Board issued its consent to individual business transactions to the extent required by the law, the Articles of Association or the bylaws. Between the board meetings, the Supervisory Board Chairperson additionally remained in close and regular contact with the Executive Board to exchange information and ideas and keep abreast of key developments.

Subjects of the Supervisory Board Meetings

Four regular Supervisory Board meetings took place in financial year 2015. All members of the Supervisory Board participated in at least more than half of the meetings. All meetings dealt with the current asset, financial and earnings situation, as well as key questions pertaining to the business development, strategy, risk management and controlling, and personnel development and policies at the company and its key subsidiaries. They also discussed important individual business transactions and projects. In addition, current individual topics were discussed in regular meetings between the members of the Executive Board and the Chairperson of the Supervisory Board. Events of extraordinary significance for the situation and development of adesso Group, as well as business transactions requiring the approval of the Supervisory Board were always discussed immediately. The Supervisory Board formed no committees.

The March 2015 Supervisory Board meeting focused on discussing in depth, critically examining and approving the Annual Report and Consolidated Financial Statements for financial year 2014. The Supervisory Board meeting was also used to approve the planning for the individual companies for financial year 2015 as presented by the Executive Board and to prepare the agenda and the proposals for the General Meeting, which were approved by the Supervisory Board during the meeting. In addition, the Report by the Supervisory Board for financial year 2014 was approved. At this meeting, the Executive Board proposed to the Supervisory Board the appropriation of net income with a distribution and payment of a dividend of EUR 0.25 per share for 2014. Following discussion, the Supervisory Board approved the proposal. The Executive Board explained that, in view of the increased number of relevant sales approaches for PSLife software and a not unproblematic partner structure, it was in the interest of potential customers to aim to acquire all the shares in PSLife GmbH. The Supervisory Board concurred.

At the second Supervisory Board meeting, in June 2015, held directly after the Annual Shareholder's Meeting, the newly composed Supervisory Board, as elected by the Annual Shareholders' Meeting, appointed a Supervisory Board Chairperson and his deputy from among its ranks. Prior to that, all new members had accepted their election to the Supervisory Board. Subsequently, the revised allocation of Executive Board duties, an aspect of the bylaws for the Executive Board that had already approved by the Executive Board of adesso AG, were explained and approved unanimously by the Supervisory Board. The CFO presented the results of the first months of the financial year, which were discussed in depth. The members of the Executive Board subsequently reported on the development of the individual Group companies and presented a detailed analysis. Another point in the second meeting was the status of the audits and negotiations in the M&A process "Born Informatik". The planned target model for the organisation of adesso Schweiz AG and Born Informatik was presented. It was agreed that in case of further approaches in conditions and purchase contract the Supervisory Board should be again be involved in the considerations. In a subsequent circular resolution, the Supervisory Board approved the conclusion of the negotiated purchase contract after examining the submitted due diligence reports.

The third Supervisory Board meeting, held in September, focused on presenting and discussing the preliminary figures for the first half of the year, analysed the development of the individual Group companies in depth and presented the ongoing business performance. The net cash position, which was negative for the first time, was discussed in the subsequent examination of important key balance-sheet figures. The value was classified as unproblematic. The CFO reported on the status of the Group audit for the years 2009 to 2013, as well as on the preliminary findings of the final meeting. This meeting also discussed the development of the company with regard to the German law on the equal participation of women and men in management positions in the private and public sectors, which came into force at the start of May 2015. The targets and deadlines that were to be set by the end of September were subsequently approved. The Supervisory Board discussed attempts by the Executive Board to acquire the remaining shares in Arithnea GmbH ahead of schedule, so as to create a tighter adesso Content & Commerce unit by introducing adesso AG business units. This would make it possible to eliminate existing overlaps. The ideas were met with approval by the Supervisory Board and are slated for further consideration.

At the fourth Supervisory Board meeting, held in December, the CFO presented the interim half-yearly financial statements as of 30.09.2015 for adesso AG and the Group. The development of the asset, financial and earnings situation of the company and its subsidiaries was presented and discussed. The negative net cash position and the equity ratio were discussed in the subsequent examination of important key balance-sheet figures. Both values were once again classified as unproblematic. At this meeting, the Supervisory Board took an in-depth look at the earnings situation of e-Spirit Inc. in the US, which remained unsatisfactory, and discussed various options for taking action and strategies for cutting costs and increasing orders. The Supervisory Board classified various strategic options that were presented and discussed as promising and supported the Executive Board in their implementation. Subsequently, the Executive Board reported on the planning process for 2016 and explained various sales processes and concepts for ongoing strategic development at the individual companies. In addition, the meeting resolved to update the Declaration of Conformity with the German Corporate Governance Code.

2015 Annual Report

DOSU AG Wirtschaftsprüfungsgesellschaft, Dortmund, the auditor elected by the Annual Shareholders' Meeting, has audited the Annual Financial Statements and the Management Report of the parent company (adesso AG), the Consolidated Financial Statements and the Group Management Report for financial year 2015 and has issued an unqualified audit opinion.

The responsible auditor from DOSU AG Wirtschaftsprüfungsgesellschaft took part in the balance sheet meeting in March 2016. He explained the key findings of his audit and was available to the Supervisory Board for questions. He informed the Supervisory Board about services performed by DOSU AG Wirtschaftsprüfungsgesellschaft in addition to the audit. The Supervisory Board thoroughly examined the Annual Financial Statements and Management Report of adesso AG, the Consolidated Financial Statements and Group Management Report as of 31.12.2015, as well as the Executive Board's proposed appropriation of income. To do so, the Supervisory Board consulted the auditor's reports. The Supervisory Board has agreed with the findings of the audit of the Annual Financial Statements and of the Management Report of adesso AG and has approved the Consolidated Financial Statements and Annual Financial Statements for financial year 2015. The Annual Financial Statements have therefore been approved (Section 172 of the German Stock Corporation – Aktiengesetz, AktG). The Supervisory Board concurs with the Executive Board's proposed appropriation of income.

Changes to the Composition of the Executive Board

On 30.06.2015, Dr. Rüdiger Striemer stepped down from the Executive Board of adesso AG at his own request prior to the end of his term as a member of the Executive Board. He continues to work for adesso as an employee and as a member of the extended management team. The Supervisory Board has thanked him for his many years of successful and constructive service.

The Supervisory Board would once again like to thank the Executive Board as well as all employees of adesso AG and its affiliated companies for their high level of personal commitment and their responsible, dedicated work. This allowed adesso Group to finish financial year 2015 on a successful note.

Dortmund, 17 March 2016

On behalf of the Supervisory Board



Prof. Dr. Volker Gruhn, Chairperson

INVESTOR RELATIONS

The Share

The Trading Year 2015 – General Conditions

While the strong gains seen in previous years seemed to lose steam towards the end of 2014 with a moderate 3 % increase on an annual basis, the DAX again achieved double-digit growth and ended the year at 10,743 points. Growth of 23 % meant that MDAX performed significantly better than in the previous year and outperformed the DAX. The TecDAX again achieved a leading position among the selective indices with an increase of 33 %. However, the development of those indices over the course of the year was volatile. The DAX staged an all-out rally at the beginning of the first half of 2015, reaching an all-time high of 12,391 points on 10 April 2015. That boom was primarily caused by quantitative easing on the part of the European Central Bank; its large-scale government bond buying programme created additional liquidity and kept interest rates low, which meant there was no real alternative to equity investments. Because the German economy is strongly export-driven, the country's stock markets also benefited from the weak euro. Halfway through the year, market sentiment was dampened by renewed deterioration of the financial situation in Greece and, following the temporary solution, many investors were surprised when the Federal Reserve decided to delay the increase in its key interest rate. Along with profit taking, the strengthening of the euro caused some share prices to decrease significantly. After a short recovery, in early August a significant decrease in growth forecasts for China and its negative effect on the world economy led to a dramatic decrease in oil prices and all-out stock market crash. The DAX fell below its level at the beginning of the year, reaching a low of 9,325 in the course of trading on 29 September 2015. That represented a

decrease of 25 % from the record high in April. In the autumn, further quantitative easing announced by the European Central Bank led to a significant recovery of the DAX until early December, when the specific details of the measures clearly disappointed numerous investors. After a temporary decrease in the indices, they again recovered to their end-of-year levels following the long-awaited announcement of a moderate interest rate increase in the USA.

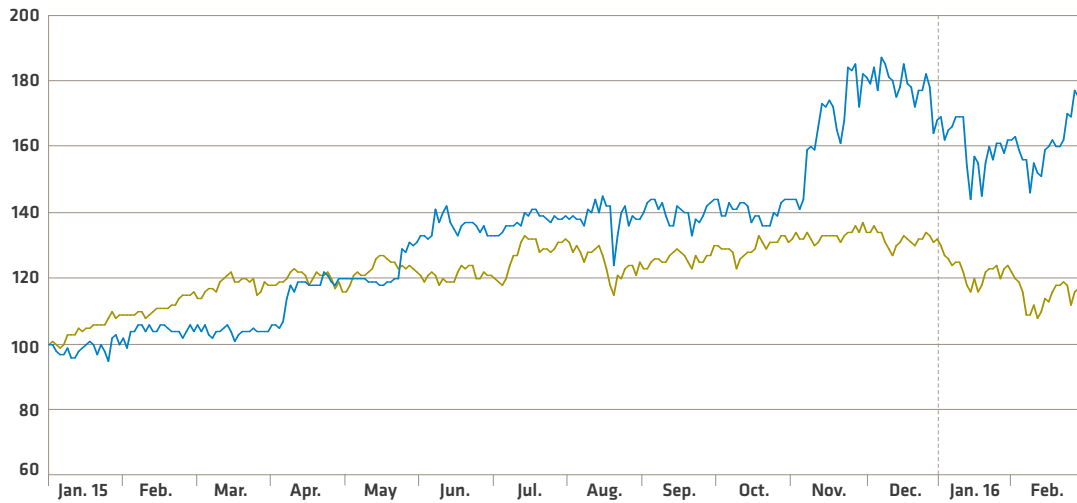
Development of adesso Shares

adesso's shares again developed very positively in 2015. The share closed up 78 % on the previous year, significantly outperforming the comparative index, the TecDAX, once again by 45 %. Closing the year at EUR 24.07, the share went up by EUR 10.58 within twelve months. The adesso share reached a new all-time high on 17 November 2015 at EUR 27.49 and hit its high for the year based on the closing price of EUR 25.25 on 9 December 2015. At the beginning of 2015, the adesso share price initially trended sideways, even as the stock market climate improved, occasionally falling below its level at the start of the year. On 23 January 2015, the shares ended trading at an annual low of EUR 12.86. Only when it was announced in an ad hoc release on 27 January 2015 that the earnings forecast for 2014 had been exceeded did the share receive a boost and was able to gain ground compared to the TecDAX. Yet the adesso share did not follow the ongoing strong development of the indices and merely sustained the new level. Not until a week after the publication of the consolidated annual results at the end of March 2015 did adesso shares gain ground versus the TecDAX on the back of higher trading volumes in April.

DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE TECDAX

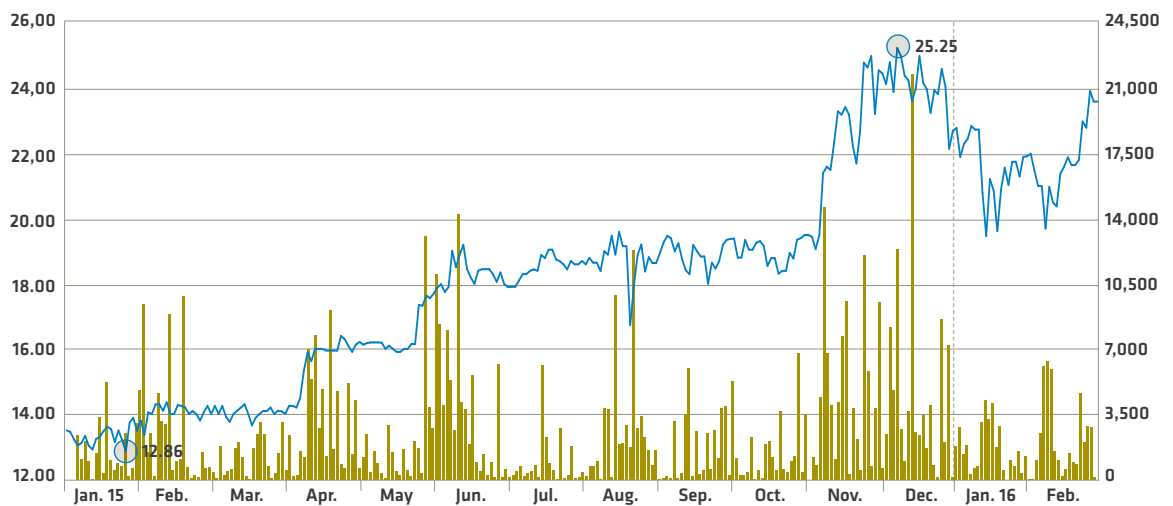
indexed

■ adesso AG ■ TecDAX



DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

in EUR / trading volumes in shares



The share price soared 13 % from EUR 14.20 on 7 April 2015 to EUR 16.00 on 14 April 2015. Until the end of May, the stock treaded water at this level, with the TecDAX running parallel until it picked up again in mid May. In June, adesso shares received a sustained boost from a significant increase in trading volumes. The distribution of the increased dividend of EUR 0.25 per share as of 3 June 2015, a stock recommendation from a financial magazine and the entry of additional institutional investors contributed to the development. While the TecDAX ran counter to this trend, adesso shares gained a full 22 percentage points from the end of May until 17 June 2015. Due to profit taking and the general market trend, the stock fell to EUR 18.06 by the end of the first half of the year, but held the 14-percentage point lead it gained over the benchmark in June. While in mid-July the TecDAX was able to regain some ground on adesso shares, they trended sideways until November. The temporary dip in the stock market in August due to the economic news from China was an exception, and a number of investors took the opportunity to buy adesso shares. After the recovery, the selective indices again achieved slight increases, but adesso shares were only able to reach their previous high. A number of ad hoc releases in November and December 2015 created further impetus and led to further gains. Along with the strong preliminary figures for the third quarter (11 November 2015), those announcements included the early purchase of the remaining shares in Arithnea (16 November 2015) and the end of balance sheet risk due to non-recognition of utilised deferred tax assets (9 December 2015). Following the announcements, the share experienced above-average trading volumes and gained 29 % within a month, with its price increasing from EUR 19.50 on 10 November 2015 to 25.25 on 9 December 2015. Investor meetings and the presentation of adesso AG at the German Equity Forum 2015 (Eigenkapitalforum) contributed to

that trend. While nine percentage points of that increase were lost between the annual high and the end of the year due to profit taking and the general market trend, at the end of the year the adesso share had achieved a year on year gain of 78 %.

The market capitalisation of adesso therefore increased significantly in 2015 to EUR 139.6 million, up from EUR 78.2 million at the end of 2014.

After overall trading volumes of all shares on the spot market, including Tradegate, increased by 10.9 % to EUR 1.1 trillion in 2014, significantly more shares were traded again in 2015. The volume increased by 26.5 % year on year to EUR 1.4 trillion. Investors continued to focus on large caps. As in the previous year, approximately 93 % of the total volume was turned over with securities from the selective indices. However, in 2015, trading of other securities increased disproportionately by 42 %, along with the general increase in trading volumes. Within the year, the proportion of trading accounted for by small caps increased rapidly from September.

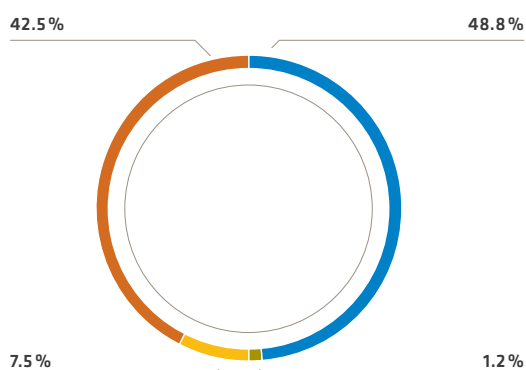
Following a decrease of 10 % in the previous year, the trading volume of the adesso share increased by 77 %, from EUR 8.5 million to EUR 15.1 million. A third of that volume was generated in the last two months of the year. December was the best trading month at EUR 2.8 million. Trading in May was a mere EUR 0.4 million. An average of 3,217 shares changed ownership per trading day in 2015. That is around 14 % more compared to 2014. On average, the number of shares traded per month amounted to 67,816. In the months of June, November and December, more than 100,000 shares were traded each month – the largest number was 146,211 shares in June. Around 74 % of the 2015 trading volume used the Xetra platform, a decrease of 5 percentage points from 2014.

The following table shows the most important share data for 2015 per quarter:

SHARE DATA

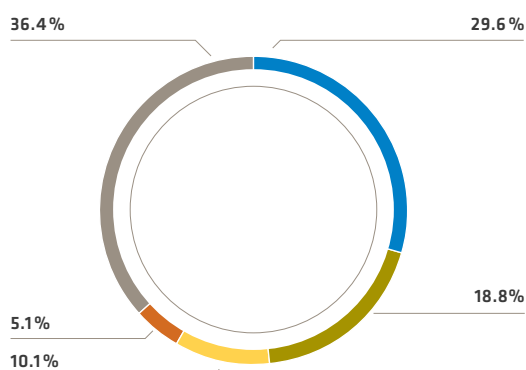
	Q1	Q2	Q3	Q4	2015
Price at the end of the period	14.01	18.06	19.20	24.07	24.07
Development (in%)	4	34	42	78	78
Development of TecDAX (in%)	18	20	27	33	33
Highest price in EUR	14.36	19.20	19.60	25.25	25.25
Lowest price in EUR	12.86	14.20	16.73	18.31	12.86
Volatility (90 days at the end of the quarter in%)	24.3	20.3	30.0	32.6	32.6
Trading volumes in shares per trading day	2,321	4,150	2,338	4,129	3,217
Trading volumes in EUR per trading day	32,041	70,286	43,494	93,641	59,589
Number of shares	5,793,720	5,793,720	5,799,720	5,799,720	5,799,720
Market capitalisation in EUR million	81.2	104.6	111.4	139.6	139.6

Shareholders *in %*



■ Supervisory Board ■ Executive Board ■ Institutional Investors ■ Other

Shareholder Structure *in %*



■ Prof. Dr. Volker Gruhn (Setanta GmbH)* ■ Rainer Rudolf* ■ Ludwig Fresenius ■ Michael Hochgürtel (MIH GmbH) ■ Freefloat *Supervisory Board

At the beginning of 2016, the adesso share price decreased significantly due to deteriorating sentiment on global markets, with some downward leaps. New concerns about the weaker economic outlook in China and its negative effect on the world economy, as well as the continuing downward oil price trend, created uncertainty and dampened the expectations of investors. The adesso share and the TecDAX temporarily decreased by up to 19%, compared to the end of 2015. From the second half of February, the key indices and the adesso share, in particular, benefited from an increasing upward trend. By the end of February, that had allowed the adesso share to make a gain of 7%, compared to the beginning of the year. Incentives to buy only allowed the TecDAX to reduce its losses over the same period to -10%, compared to the first closing price of 2016.

Capital Measures

Share capital rose by 0.1% in the reporting period, from EUR 5,793,720 to EUR 5,799,720, after stock options from the company's stock option programme were exercised. That increase of EUR 6,000 took place in July 2015.

Dividends

The Annual Shareholders' Meeting held on 2 June 2015 approved the proposal by the Supervisory Board and Executive Board on the appropriation of net income and distributed a 19% higher dividend of EUR 0.25 per share, which corresponds to a pay-out ratio of 42% based on earnings per share (previous year: 44%). The dividend was credited to shareholders' custodian accounts from 3 June 2015. The dividend yield amounted to 1.9% based on the 2014 closing share price.

BASIC SHARE DATA

			2015	2014
ISIN Code	DE000A0Z23Q5	Number of shares at the end of the year	5,799,720	5,793,720
WKN (national security identification number)	A0Z23Q	Xetra closing price at the end of the year (EUR)	24.07	13.50
Symbol/Code	ADN1	Market capitalisation at the end of the year (EUR million)	139.6	78.2
Reuters Instrument Code	ADNGK.DE	Earnings per share (EUR)	0.82	0.59
Bloomberg Symbol	ADN1:GR	Cash flow per share (EUR)	2.91	1.60
First day of trading	21 June 2000	P/E ratio	29.4	22.9
Trading platforms	Xetra	Price/cash flow ratio	8.3	8.5
Market segment	General Standard	Dividend per share	0.30	0.25
Number of shares	5,799,720	Return on dividend	1.2%	1.9%
Currency	EUR			
Nominal value	No share with nominal value: EUR 1.00 (mathematically)			
Share capital	EUR 5,799,720			
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 December			

Shareholder Structure

The largest shareholder of adesso AG, with 29.6% of the voting rights, is Prof. Dr. Volker Gruhn, who holds his shares indirectly via the Setanta GmbH investment company. 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 – 18.8%. adesso AG's Supervisory Board holds 48.8% of the company's share capital, while its Executive Board holds 1.2% of the share capital. The majority of the assigned voting rights, 80.9%, are held by private investors. The proportion of institutional investors increased further to 7.5%. The remaining 11.6% of the company's shares can-

not be clearly assigned to a specific class of investor. According to Deutsche Börse AG's definition, the free float remained unchanged at 36.4%.

Investor Relation 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-to-one meetings or roadshows. We also took advantage of numerous investor conferences to present adesso AG and enhance our contact with the capital market.

RECOMMENDATIONS FROM THE FINANCIAL MEDIA AND ANALYSTS' OPINIONS

Date	Topic/ recommendation	Evaluation	Source
02/03/2016	adesso: Relatively favourable valuation again	[...] Strong growth justifies a high valuation, and a P/E ratio 2017e of 19 means there is potential for the share price to increase further.	Nebenwerte Journal Extra
29/02/2016	Buy	Target price: EUR 30.00	WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank
29/02/2016	Buy	Target price: EUR 27.80	SMC Research
29/02/2016	adesso: The share with two faces/buy	[...] At EUR 24 the small cap is trading just below its December high of more than EUR 25. Summary: The company's operational business is sound. [...] We continue to take a positive view of the share.	boersengefluester.de
23/12/2015	Believe, stay on the ball and reap the benefits	Both the positive development of the company and the significant increase in its share price confirm our view of adesso AG, which has been positive for a number of years. [...] Following rapid recent gains, a period of consolidation should be taken into account and possibly utilised.	Nebenwerte Journal
03/06/2015	Hot stock of the week: The share for the future	Target: EUR 26.00; buy limit: EUR 16.50; stop: EUR 11.95	Der Aktionär
16/02/2015	adesso takes part in "IT symphony"	[Speculative investors] buy until EUR 14.45 and save their assets at EUR 10.90.	PLATOW Börse

adesso AG was again presented at the German Equity Forum in Frankfurt in 2015, and also at the DVFA Spring Conference (Deutsche Vereinigung für Finanzanalyse und Asset Management) which was held in Frankfurt. Furthermore, the company was presented at two additional conferences and investor events in Munich and Zurich. The financial calendar for 2016 once again plans for an increase in the number of investor conferences. In addition, we published information relevant to the capital market and presentations on our company regularly during the financial year. Interested capital market participants have access to comprehensive information in the “Investor Relations” section of the company website, which goes far beyond the mandatory disclosures. The menu item “Questions for the CFO” is a service that permits direct dialogue with the responsible Executive Board member. Distribution lists for mailing or electronically distributing company press releases and reports allow us to actively and automatically supply interested parties with the latest information on adesso AG. Around 390 individuals and companies have already registered to take advantage of this service. Especially for

analysts, but also for all other interested investors, adesso offers an investor folder for download which, in addition to the regular publications for the past twelve months, includes a multi-year overview of the income statement and the most important performance figures on a quarterly and annual basis, as well as the consolidated and interim half-yearly financial statements in Excel format. adesso was analysed regularly by the research department of a bank and an independent research institution in 2015. Updates to analyst studies are offered on the adesso website.

adesso AG is a member of the German Investor Relations Association e.V. (DIRK).

Analyses/Research

Since May 2012, adesso AG's shares have been regularly assessed through studies and updates by WGZ BANK AG and since May 2013 also by the independent analysts of SMC Research. The latest updates from the current analysts were published in February 2016. Both gave adesso's shares a "buy" rating (WGZ Bank, 29 February 2016: price target EUR 30.00 / SMC Research, 29 February 2016: price target EUR 27.80).

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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HIGHLIGHTS IN 2015

January

adesso to exceed earnings forecast for 2014

adesso kicks off financial year 2015 with positive news and announces already in January that it will exceed its own forecast for the operating result in the previous year by some EUR 1 million. Based on the final figures, adesso achieves a record result of EUR 9.8 million. In particular, the positive development is driven by high capacity utilisation, profitable projects and licensing sales that were higher than expected.

March

Dividend increase proposed once again

Based on the excellent results of operation in 2014 boasting a strictly organic increase in sales of 16 % to EUR 156.9 million and a 26 % rise in earnings to EUR 9.8 million, the Executive Board and Supervisory Board propose another dividend increase of 19 % to EUR 0.25 per share. This marks the third dividend increase since the first dividend was distributed for financial year 2009. adesso pursues a dividend policy that duly involves shareholders in the company's success through rising distributions.

April

adesso acquires the remaining shares in PSLife GmbH

In April, adesso announces the agreement it has reached with co-partner in the joint venture PSLife GmbH on the increase in the number of shares held by adesso from 50 % to 100 %. This marks an important step in adesso becoming a provider of insurance software. The complete takeover creates the foundation for adesso to position its own portfolio of solutions on the market by clearly distinguishing it from the competition. In addition to the exclusive distribution of ready-to-use life insurance software, the further development of the framework into a software suite for use across insurance segments in particular is an interesting focus.

May

adesso hones its automotive profile by adding a new business area

adesso pools its automotive industry expertise with the new Automotive & Transportation business area and seeks to expand it into an additional core industry. The service portfolio ranges from solutions for customer acquisition and loyalty to the optimisation of industry-specific processes as well as mobile applications. adesso is able to draw on extensive industry experience that it has gained from numerous projects with companies such as BMW, Bosch, Daimler, MAN and Schaeffler.

June

adesso announces largest company acquisition to date

Thanks to the complete takeover of Born Informatik AG and its merger into adesso Schweiz AG, adesso is able to further strengthen its claim to be a leading IT service provider in Switzerland. In particular, the additional location in Bern provides greater access to customers with strong links to public bodies and services and adds to the regional and technical profile of adesso's activities in Switzerland. Altogether, sales now amount to approximately CHF 40 million.

August

adesso develops new software for TÜV Rheinland for mobile and stationary use

adesso is able to announce a prestigious contract in August. TÜV Rheinland has decided to rely on adesso's expertise for the new development of a software system for use in the vehicle inspection business. In future, vehicle inspections – which must be performed regularly in accordance with German law – will be carried out at all TÜV Rheinland inspection locations and as part of mobile services with the new software solution to be developed by adesso.

October

HSE24 benefits from the pooled expertise of the adesso Group regarding a mobile shop solution

The adesso Group underscores its sought-after expertise in the important growth fields of e-commerce, content solutions and mobile business with the successful conclusion of a project for international mail-order company HSE24. HSE24's range, which comprises approximately 20,000 items, has now also been available since 2015 through a website optimised for use on mobile devices. In its role as general contractor, adesso AG was responsible for the design, development and implementation of the solution in collaboration with its subsidiaries Arithnea GmbH and adesso mobile solutions GmbH. The product of adesso subsidiary e-Spirit AG is used as the content management system.

November

adesso AG acquires 100 % of the shares in Arithnea GmbH ahead of schedule

Through an agreement with the previous shareholders, it is possible for adesso to proceed with the complete takeover of Arithnea GmbH ahead of schedule. The acquisition was originally planned for 2017. The move allows for the areas of e-commerce and CMS activities, including one agency, within the adesso portfolio to be pooled in a single organisational unit with 200 employees.

December

Münchener Verein Lebensversicherung chooses PSLife as new system for managing existing policies and benefits

Closing out the year in excellent fashion is the commission from Münchener Verein Lebensversicherung a.G., which becomes another customer by choosing the PSLife software product for establishing a new system for managing existing policies and benefits. In addition to obtaining the licence, the contract calls for providing Münchener Verein Lebensversicherung with support during the process of introducing and adapting the software.

**EXPANSION OF THE
PRODUCT BUSINESS
ON THE BASIS OF
PROFESSIONAL
QUALIFICATION
AND TECHNICAL
EXPERIENCE.**

A NEW LEVEL

For many years, the adesso Group companies have been providing support in the optimisation of core business processes through consultancy and software development as well as the reduction of operating expenses. Beyond the classic project business and its technical expertise, adesso AG has also been able to amass such well-founded, sector-specific expertise that its consultants are now accepted and sought after by customers as professional partners for providing solutions in many industries. This valuable knowledge is consistently cultivated and developed in a sector-based organisational structure. In addition to the successful universal standard products FirstSpirit and in|MOTION, adesso has already been able to establish several industry-specific solutions and products.

While pursuing approaches in the other core sectors to get other products market ready, adesso has reached **a new level** in its own product policy in the sector that it has dealt with the longest: the insurance industry. With the development of a complete software suite for the insurance industry, adesso sees itself ideally positioned to take the next step to becoming a leading provider of standard software for the insurance sector. For our customers, our companies and our shareholders, this offers attractive prospects, which we are delighted to introduce to you here. Take this step with us and move to a new level.



OUTSTANDING
PRODUCTS INCREASE
THE
QUALITY OF THE
PORTFOLIO AND THE
VALUE AND SUCCESS
OF ADESSO.



A NEW LEVEL

The in|sure insurance software is designed for cross-sector applications and is being successively developed, marketed and launched. The version for the life insurance segment has already been completed and successfully sold to several insurance companies. What is especially interesting here is that the versions for the private health insurance and property insurance segments have also already been commissioned by customers. The solution for the car insurance segment is in a very promising initial preparation phase. As a result, a universal insurance software program based on state-of-the-art technology standards is now within reach. The in|sure Health solution for private health insurance will be launched in the summer of 2016 for the first time at the INTER insurance group. The completion and launch of in|sure General for property insurance is scheduled for the beginning of 2017, and in|sure Motor for car insurance by the middle of 2017.

The model for success used in development will be retained here: working together with one or more anchor customers, all standard functions required in the respective sector will be implemented and further developed and marketed by adesso as release-ready components. Thanks to the partnership with established insurance companies, such as Barmenia and the INTER insurance group, practical applicability is guaranteed. Further customisation to special customer requirements is possible, and the technical preparations for this have already been completed.

adesso expects sustainable value-added effects from the in|sure suite. For example, each further sale of a licence offers a comparatively attractive contribution to the income, while the launch projects from adesso, as a provider of expertise, is rewarded by the market with higher per diem rates. Finally, longer-term maintenance contracts offer a close proximity to the customer as well as a regular and increasing contribution to the result. All this combines to have a sustainably positive effect on the margin. The market opportunities for in|sure are considered to be especially good, as around 80 % of all insurance companies are currently adapting their IT systems to the latest market requirements through new buying. Apart from adesso, very few competitors possess such a precisely tailored, integrated, cross-sector and technologically up-to-date platform.

DURING
THE LAUNCH
OF NEW
PRODUCTS,
INSURANCE COMPANIES
WASTE
VALUABLE
TIME
BECAUSE OF
INFLEXIBLE IT.

TIME TO MARKET



The lack of flexibility of existing applications is often stated as one of the main reasons why around 80 % of insurance companies are currently investing in new IT systems. Their IT systems, some of which have been expanded over the years, are too unwieldy when it comes to making the required changes. The process takes too long before an innovative insurance product can be reflected in IT and sold on the market. Today's insurance customers expect a wide range of tailored policies and rates that take into consideration and fit their own situation in life. At the same time, insurance companies have to take increasing regulation into account and gear their systems flexibly to this development.

Only a few, very large insurance companies can afford to guarantee this flexibility and responsiveness using modern individual software. Older architectures, on the other hand, are increasingly difficult to develop further, because either there is a lack of programmers with the right qualifications or the hardware is no longer supported. Other limiting factors to be considered here include applications that have been expanded over the years and that have been developed from several co-existing systems. Usually, all of them have insufficient support for cross-system communication and web-based business processes in common.

A
COMPANY
THAT CAN
FLEXIBLY
CHANGE AND
PROMPTLY
MARKET
A NEW
PRODUCT
HAS A
COMPETITIVE
ADVANTAGE.



TIME TO MARKET



adesso in|sure takes into account that speed is a decisive factor in the success or failure of companies today. This is especially true of insurance companies. A company that brings products and services to the market more swiftly, adapts its processes earlier or reaches its policyholders first enjoys a significant lead over the competition. A lead that pays off.

in|sure therefore allows new insurance products to be flexibly modelled by the departments in charge of those very products, without the company's own IT department having to be called in. This is done through integrated systems for product modelling and portfolio management that enable product maturity and market launch in a very short time. This process is supported by the parameterisable templates for tariffs and tariff groups, as well as by the advanced calculation engines and the excellent transparency when it comes to all policyholders. The technological basis of the modular in|sure system is viable for the long-term and is provided by universal Java framework architecture.

**COSTS FOR
MAINTENANCE AND
EXPENSIVE
ADAPTATIONS
OF THE
CORE
APPLICATIONS
IMPOSE A
STRAIN**

Despite the often drastically changed requirements facing IT, many insurance companies currently still operate an IT structure that has been developed over a period of decades. In the absence of universal, cross-sector alternatives, complete replacement of or migration from the current system has also for many years not appeared to make sense for fear of jeopardising the investments that had already been made. However, maintenance and modification expenses now swallow up such a large part of the total IT budget that genuine innovations are obstructed. Most companies have to keep expertise in other programming languages or application systems available in-house or even procure it externally.

In addition, the departments' desire for flexibility and process continuity are in conflict with rigid structures and isolated workflows. Every day, employees have to improvise with outmoded tools while dealing with IT problems that keep them from their main responsibilities. The actual work of an insurance company is then no longer supported by information technology, but instead hindered by it. As a result, hardly an insurance company can put off thinking about reorganisation aimed at creating more efficient IT structures. Introducing an integrated insurance IT system has therefore now become a central management task.

FRESHNESS GUARANTEE



A dynamic splash of water with several slices of lemon, creating a fresh and energetic visual. The water droplets are captured in mid-air, and the lemon slices are partially submerged, adding a pop of color to the white background.

RELEASE-READY
COMPONENTS
ALLOW
COMPANIES
TO CONCENTRATE
ON THEIR
CORE
BUSINESS.

FRESHNESS GUARANTEE

Insurance companies have learned from their software history. What is more, they see themselves confronted in an extensively saturated market with increased competition – and more than ever with the tremendous cost pressure that results. The extensive standardisation and component-based architecture of adesso in|sure therefore allows insurance companies to operate their IT efficiently on a long-term basis and to concentrate on their core business. That is because the technology framework, the sector-independent components and the segment solutions are regularly adapted and updated by adesso in the form of releases. As a result, costs that are incurred on account of changing general legal conditions, for example, are borne by a large number of customers and place a significantly lower burden on the future IT budget.

Purchasing a licence for adesso in|sure additionally offers companies long-term protection of their investment, as the software is based on modern, uniform architecture and a long-term product strategy, allowing it to avoid the usual system ageing process. adesso provides a “freshness guarantee” for the software. With all the standardisation, in|sure can be perfectly adapted to company-specific processes, and third-party systems are also easy to integrate. This is done by using open frameworks, a large number of predefined interfaces as well as the consistent implementation in Java technology.



**BUSINESS
TRANSACTIONS
INITIATED
BY PEOPLE
CONTINUE
TO OFFER
HIGH
POTENTIAL
FOR
SAVINGS.**

The ongoing digitalisation across all company divisions has triggered a new dynamic in the insurance market. While the competition continues to intensify, customer demands on an insurance company and the services expected from it have grown significantly. The increasing availability of relevant data from all spheres of life, on the other hand, opens up great potential for insurance companies to develop innovative and contemporary products, which have to be made available through all sales channels.

To this end, virtually all insurance companies need to rethink their IT while guaranteeing cost-efficient operations in the long run. The key lies to leveraging value-creation potential lies in the consistently digitally supported organisation of key work processes, up to and including full automation.

AUTOMATION

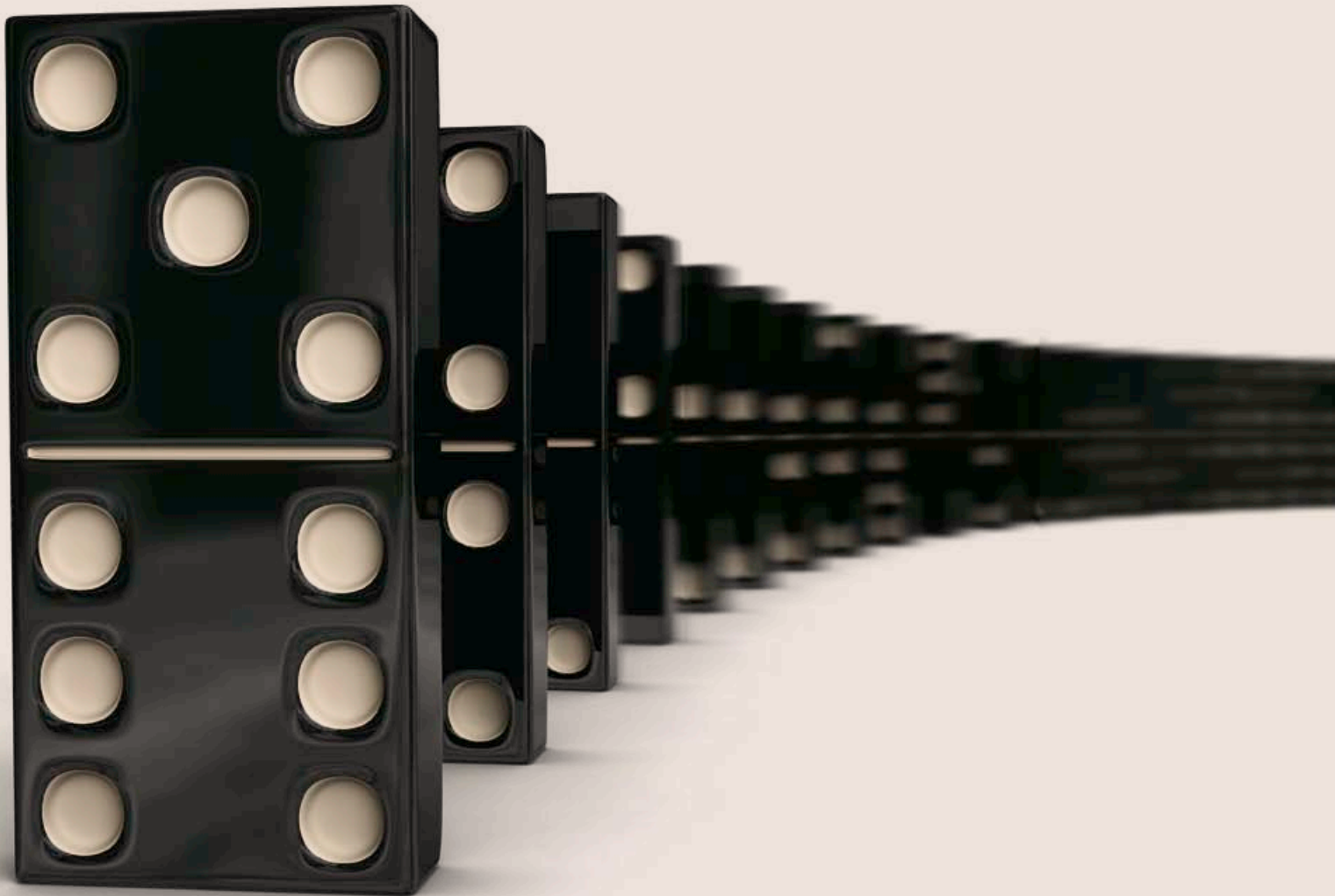


UNIVERSALLY
DIGITALISED
BUSINESS PROCESSES
AND
EXTENSIVE
AUTOMATION
ENSURE
MAXIMUM
EFFICIENCY
AND SERVICE.

AUTOMATION

The digital heart of in|sure beats in what we call the “processing order machine”. It manages the contract processing at different times, including retroactive changes and their updating in the future due to factors such as a switch of tariff or the addition of further insured persons. The programming here follows the principle that every business transaction carried out by people can also be taken care of automatically, by a machine. As a result, there are few limits on automation, and insurance company customers can receive their requested policy much quicker and in a more transparent way.

Digitalisation is also important on the benefit/loss side. Here, the in|sure product suite’s claims systems can provide fully automated claims processing using structured loss and benefit data. For example, a doctor’s bill or a prescription that has been submitted to a private health insurance provider can be checked without the help of back-office staff and then reimbursed in accordance with the policy conditions. With in|sure, this kind of modern and customer-oriented workflow in the insurance process can be implemented with just a few clicks of the mouse thanks to ready-made templates for tariffs and tariff groups as well as the convenient product modelling components.



**THE
PROFESSIONAL
USE OF
CUSTOMISED
DATA PROCESSING
SOFTWARE
DOES
NOT MAKE
ECONOMIC SENSE
FOR EVERY
COMPANY.**

INDIVIDUALITY

For decades, the idea of standard software for the insurance business was just a pipe dream. The expenditure that was required to actually make these systems feasible for an insurance company frequently corresponded to the costs for developing completely new software. It was not even possible to take into account many company-specific characteristics that the insurance companies used to set themselves apart from the competition. So it is no wonder that the bulk of insurance companies today employ individual software systems that have been developed and enhanced over several years.

Over years of use and further development, the earlier advantage of individually developed software has turned into a disadvantage with a major impact on business at many companies. The systems have become too inflexible and, more importantly, expensive – because high operating, maintenance and development costs impose a burden; because programming languages and technologies have become obsolete; and because there are fewer people who possess expertise in them. The high costs and the complexity of new in-house developments and the related investment risk are a major reason why most insurance companies have since rethought their concept with more economical standardisation in mind.



**INSURANCE COMPANIES
BENEFIT FROM
A
STANDARD PRODUCT
THAT IS AS
INDIVIDUAL
AS
THEIR
BUSINESS.**



INDIVIDUALITY

From the very first lines of program, in|sure has been developed to provide optimal support with exclusively modern (web) technologies for all of an insurance company's business transactions. Key process elements are set up in the system cores so that they can deal with the core business processes of inventory control and loss and benefit management – in a fully automated manner, if desired. in|sure combines the advantages of a standard product with the option of being able to continue operating in-house processes or even whole third-party systems, as companies have come to expect from their individual software solutions. After all, it is an insurance company's individual approach to certain issues that gives it a competitive advantage. To achieve this, the segment components can be supplemented in such a way that they are a perfect fit for the customer in question.

in|sure takes into account that, despite all the important differences, the majority of the central workflows at insurance companies are structured in the same way. in|sure pools these typical workflows and offers individual out-of-the-box solutions. And all user interfaces can be adapted to the relevant company design without great expense, of course. As a result, in|sure makes it possible for a new universal insurance company can to position itself on the market in practically no time at all.





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GROUP PRINCIPLES

Business Model, Targets and Strategies

adesso is a fast growing IT services 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 position in promising IT fields, such as mobilisation and enterprise content management. adesso pursues the internationalisation of its own product sales as a strategic goal. 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, 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.

For 2015, the Executive Board set sales growth targets well above the market average of 6% to 9%, to between EUR 166 million and EUR 171 million, increasing operating profit measured as EBITDA to between EUR 9.8 million and EUR 10.5 million, and an increase in the EBITDA margin to more than 6.0%. All targets were met and exceeded.

Employees and Structure

Founded in 1997, adesso had a total of 1,702 employees (FTE) (previous year: 1,377) in Germany, Austria, Switzerland, England, Turkey and the USA at the end of 2015. While the adesso Group employs 246 (previous year: 141) staff outside of Germany, 1,058 (previous year: 882) employees are deployed in Germany and work for the parent company, adesso AG, which represents the largest operating unit in addition to the holding company. adesso AG's largest location is Dortmund, which is also the city in which the company was founded and where its corporate headquarters are located. To stay close to its customers and keep travel times and costs as low as possible, adesso maintains eight other offices in all of Germany's major economic regions. International sites include Bern, Boston, Istanbul, London, Vienna and Zurich.

In addition to adesso AG, the largest operating unit and parent company, the Group also includes majority-owned companies, consolidated subsidiaries of subsidiaries and a minority interest as of the reporting date. adesso has two different segments: IT Services and IT Solutions. While the IT Services segment offers customised, project-oriented services in the areas of consulting and software development, the IT Solutions businesses market their own solutions in the shape of home-grown products or standard software products. The company is publicly traded and listed on nearly all German stock exchanges (ISIN code: DE000A0Z23Q5, WKN [national security identification number]: A0Z23Q).

Management System

adesso AG spearheads adesso Group and defines the strategy and operational targets of all group companies. It controls the legally independent group companies by implementing a target system, an ongoing reporting process and by occupying positions in the supervisory bodies. Operational control is ensured by a reporting system which has been implemented

group-wide. In the process, each group company prepares full monthly financial statements based on national legal regulations. Key performance figures for reporting are sales, EBITDA, earnings before tax (EBT), the EBT margin, number and proportion of employees not fully utilised, number of employees and net liquidity. The most important performance indicators are subject to continuous comparisons with plan and actual data. All indicators are carried forward and subject to an internal group benchmark. An updated rolling forecast is prepared per Group company for the entire year so that possible planning deviations can be identified in a timely manner. Fixed reporting channels and cycles have been defined and there is also a fixed appointment schedule for management meetings. There are no fundamental differences between key performance indicators in the reporting systems for each segment.

Research and Development

The bulk of adesso's turnover is generated through its sales in IT services. With few exceptions, adesso solutions represent the core of project solutions which are then tailored to customer requirements in client-specific projects. Research expenses in IT Solutions segment are negligible in relation to group expenses. None of the group companies has its own dedicated research department.

ECONOMIC REPORT

Macroeconomic Climate and Industry-specific Conditions

Macroeconomic Climate

Economic growth in Germany accelerated slightly again in 2015. After the economy revived noticeably in 2014 with a growth rate of 1.6 % for the gross domestic product (GDP), growth of 1.7 % is expected for 2015. Therefore, the original projection of the federal government for 2015 was exceeded by 0.2 percentage points. The German economy was relatively stable in the annual average

and also over the individual quarters. An expansion of economic performance is expected for the final quarter of 2015, as well. Nevertheless, the recovery was viewed more positively in the spring than in the autumn, so that the federal government first increased its projection for the year significantly by 0.3 percentage points only to reduce it to 1.7 % again after growth became less dynamic in the summer of 2015. Worsening prospects for the global economy with weaker growth in China and emerging markets rich in commodities, as well as challenges related to dealing with the migration of refugees were cited as influencing factors. As in the previous years, growth and positive economic development in Germany for 2015 were driven by high employment and strong consumption. Significant growth of incomes, combined with a minor price level increase had an impact on private households. The low euro exchange rate improved export opportunities for companies. Investments in equipment and buildings provided additional impulses. Notwithstanding the mixed global economic environment, the German economy continues to grow moderately at the beginning of 2016. In its 2016 annual projection, the federal government predicted a steady GDP growth rate of 1.7 % for full-year 2016.

Comparatively weak GDP growth of 0.8 % was achieved in Switzerland for 2015. Economic development stagnated in Switzerland during the first nine months. Currency appreciation effects at the beginning of the year were said to be largely responsible for that. Actual growth lagged significantly behind the projections released prior to currency appreciation.

A moderate economic recovery in Austria resulted in GDP growth of 0.7 % to 0.8 % for 2015. While this value is at the upper end of the expected range, it remained below 1 % for the fourth year in a row.

Industry-specific Conditions

The industry association BITKOM expects that the German market for information technology product and service providers grew by 3.5 % to EUR 80.4 billion in 2015. Growth was, therefore, somewhat less dynamic compared to the rapid increase in the previous year. This was due to reduced growth in the IT hardware segment.

However, in relation to overall economic development, the IT market grew at more than twice the rate. After a moderate increase in the previous year, growth in the software segment remained constant at 5.4 % and reached a market volume of EUR 20.1 billion in 2015. Growth in the IT services segment, which is the most important for adesso in terms of sales, increased significantly again by 0.7 percentage points to 3.0 % following the noticeable improvement in the previous year. The market volume of this segment now amounts to EUR 37.3 billion. Industry-specific conditions therefore continued to be positive for adesso's business performance. BITKOM predicts that this above-average growth rate will be maintained in 2016.

Business Performance

There were no individual events that could be seen as having significantly affected the business performance in the reporting period. The acquisition of Born Informatik AG, Bern, Switzerland, in

mid-2015 has to be taken into account in assessing the development of key performance figures, such as sales, the number of employees, operating earnings and depreciation and amortisation in the second half of the year.

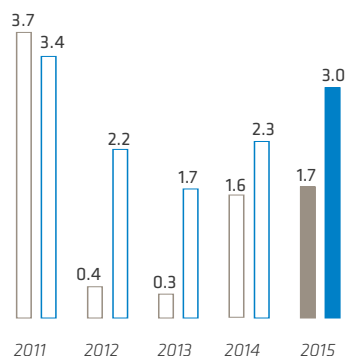
Overall Statement on Business Performance by the Management

The adesso Group was able to improve sales by 25 % (of which 17 % is organic) and operating earnings by 46 % year on year, achieving its 2015 targets for these key performance figures. The objective of generating an EBITDA margin of more than 6.0 % was also achieved at 7.3 %, constituting a margin increase of 1.1 percentage points. In regards to internationalisation in the USA and UK, the objectives could not be achieved. The development of adesso's own product family for the insurance sector is positive. New customers were acquired for the life insurance product that has already been completed. Pre-tax earnings increased by 30 % to EUR 9.5 million. On this basis, the Executive Board has proposed to increase the dividend by 20 % to EUR 0.30 per share.

GROWTH OF GDP COMPARED TO IT-SERVICES MARKET

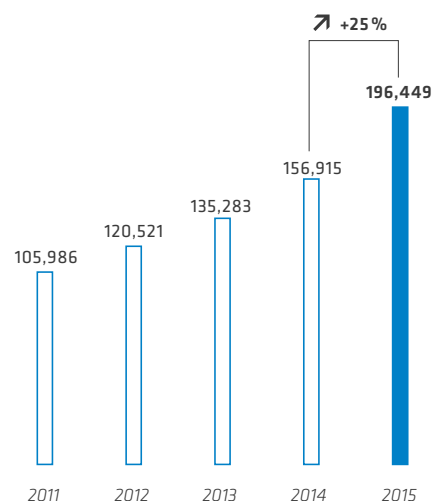
in %

■ GDP (real) ■ IT-Services



GROWTH IN SALES

in EUR k



Position

Earnings Situation

Growth in Sales

adesso increased its sales by 25 % from EUR 156.9 million to EUR 196.4 million in 2015. By expanding the existing business activities and growing the service and product portfolio, organic growth was 17 %, excluding the company acquisition in mid-2015. With estimated market growth of 3.5 % for the industry, adesso, as it did in previous years, had significantly higher organic growth than the market in 2015 and was, therefore, able to gain additional market share.

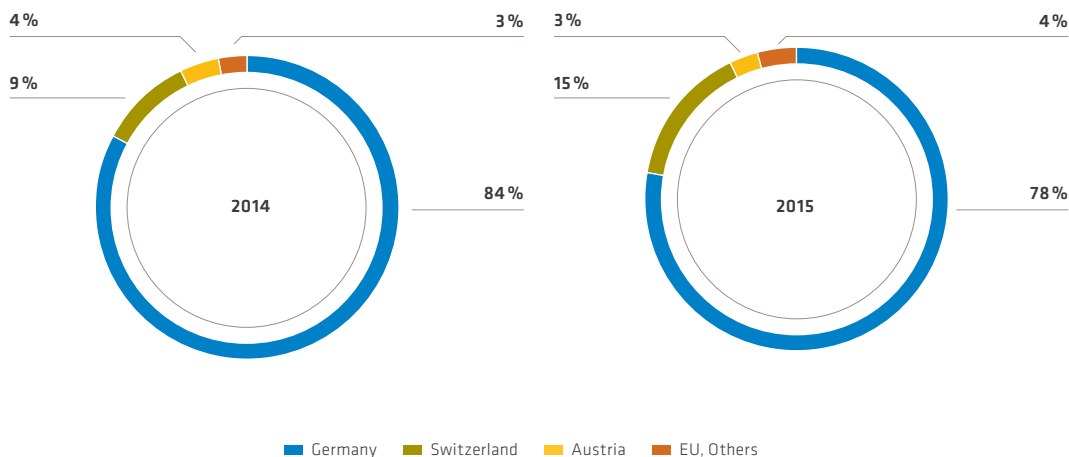
During the year, sales revenues increased from EUR 87.0 million in the first six months to a new high of EUR 109.4 million in the second half of the year. The increase is due to the higher number of potential working days, a further increase in the number of employees, higher licensing proceeds and the first-time consolidation of the acquired company Born Informatik AG. It generated sales of around

EUR 12.9 million in the second half of the year. Since the company was merged with the existing adesso subsidiary in Switzerland retroactively as of 1 July 2015 at the end of the third quarter of 2015, the sales and contribution to operating income of Born Informatik AG can only be approximated.

In the IT Services segment, the adesso Group's leading subsidiary by size in Germany, was able to boost sales significantly by 15 %, as in the previous year. No organic growth was achieved in Austria and Switzerland. The sales and order situation in Switzerland remained stable. This is considered favourable in view of the feared negative effects of the Swiss National Bank's monetary policy at the beginning of 2015. In Austria, the focus was on continuing to improve the results. Growth efforts will increasingly come into focus in 2016. The Turkish subsidiary maintained its high growth rate in 2015 and more than quadrupled its sales revenues. Most of the sales with external experts are generated in the context of adesso Group projects. External resources are used here for capacity

SALES BY COUNTRY

in %



reasons or to obtain highly specialised knowledge. The proportion of sales generated through own employees increased noticeably in 2015, so that “Expert Resourcing” reached sales revenues at the previous year’s level of EUR 10.2 million. An additional contribution to sales growth in the IT Services segment was made by the business activities with Smart Hosting & Cloud Services with a growth rate of 73%. The e-commerce segment, after strong growth in the previous year, did not generate an increase.

In the IT Solutions segment, the Content Solutions business area was able to increase the licensing and maintenance sales for the in-house content management system FirstSpirit by 7%. Internationalisation investments were not reflected by sales increases in the USA, Great Britain and Switzerland. Growth was generated entirely in Germany and the Benelux states. Sales in the Mobile Solutions segment fell slightly after a highly successful previous year. In contrast to the previous year, developers were pulled from customer projects in 2015 to pursue the further development of own technology solutions. Mobilising web content and business processes is one of the fastest-growing areas in IT. In this field, adesso is a leading company for enterprise mobility in Germany. Our own in|MOTION technology, along with proven

expertise in the development of mobile applications and integration with knowledge about core business processes among adesso customers, make a contribution here. Growing sales are being generated in this area with mobile strategy consulting services for companies, especially related to the digital transformation.

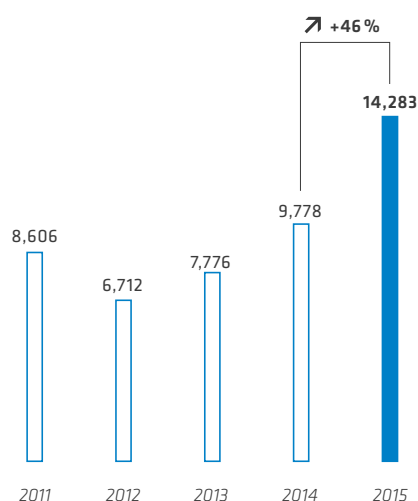
Continuing to expand the business with adesso’s own family of solutions for the insurance sector is an important growth driver in the IT Solutions segment. Sales of nearly EUR 10 million were generated with implementation projects in the life insurance industry alone. The development of the industry solutions for private health insurers resulted in own work capitalised in the amount of EUR 0.2 million.

Sales with many of the top ten customers were increased, including the four largest customers. The biggest customer accounted for 8% of sales. The proportion of total sales generated with the top ten customers fell from 38% to 37% thanks to the Group’s high growth rate.

Percentage sales growth was highest in the core banking/financial services and lottery industries. Double-digit growth rates were consistently achieved in banking/financial services, insurance

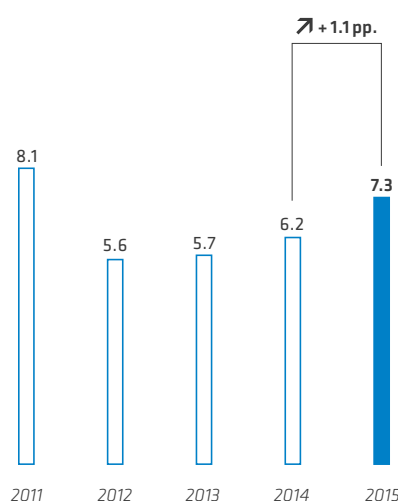
EBITDA DEVELOPMENT

in EUR k



EBITDA MARGIN

in %



and healthcare as the core industries that account for the largest proportion of adesso's sales. Sales in the Cross Industries segment, outside the core industries, increased by 38 % even though the Automotive & Transportation core industry, added in 2015, was spun off from Cross Industries with sales of nearly EUR 10 million.

Sales with customers outside of Germany increased by 77 % in 2015 to EUR 43.7 million. This was due, in particular, to the acquisition in Switzerland, organic growth in Turkey and a major licensing contract in the Netherlands.

Earnings

Operating earnings (EBITDA) increased by 46 % in 2015 and the EBITDA margin was improved from 6.2 % to 7.3 %. The targets were therefore exceeded. This major improvement in earnings was driven, primarily, by organic sales growth of 17 % and EBITDA of around EUR 1.3 million from the acquired company Born Informatik AG in the second half of the year. A higher gross margin per employee was also realised through improved daily rates, especially in the course of implementation projects for the own insurance solutions, and through high capacity utilisation. The contribution margin from maintenance and licensing proceeds with a significant impact on earnings increased, as well.

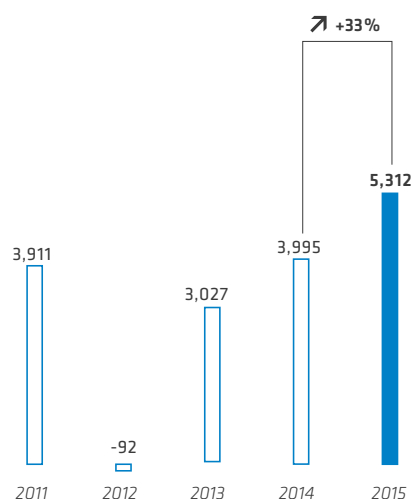
At sales growth of 25 %, the average number of employees (FTE) grew by only 18 %, or 236 employees, to 1,534 in 2015. With a lower material usage ratio of 11.7 % (previous year: 12.1 %), gross profit per employee increased significantly by 7 % to EUR 113 thousand (previous year: EUR 106 thousand). At EUR 1.9 million, other operating income fell by EUR 0.2 million year on year.

The cost of materials at EUR 23.0 million (previous year: EUR 19.0 million), mainly for the project integration of subcontractors, increased more slowly at 21 % compared to sales. Gross profit therefore, increased more quickly than sales, by 26 % to EUR 173.6 million (previous year: EUR 137.9 million). Personnel costs increased disproportionately by 27 % to EUR 125.1 million. This pronounced increase is due to higher variable compensation based on earnings growth and an increase in the valuation of long-term incentives similar to shares by EUR 1.3 million since the price of the adesso share went up sharply in 2015. There was a major increase in the average personnel costs per employee from EUR 76 thousand to EUR 82 thousand. The change in personnel costs compared to the previous year had a negative impact on the margin.

Other operating expenses increased by just 14 % to EUR 36.1 million (previous year: EUR 31.6

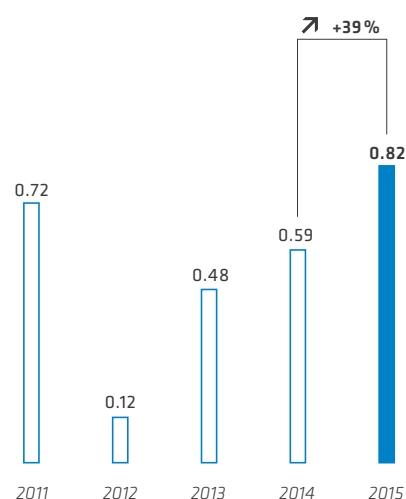
CONSOLIDATED EARNINGS

in EUR k



EARNINGS PER SHARE

in EUR



million), mainly due to the greater number of employees. Costs such as travel, vehicle and training expenses tended to increase proportionately with each employee. Occupancy and related costs also increased due to relocations and expansions. The overall increase in other operating expenses was, however, less than the growth in sales, so that these cost types resulted in a margin increase in 2015, as in the previous year.

Total operating earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 46 % or EUR 4.5 million in 2015 to EUR 14.3 million (previous year: EUR 9.8 million). The target range of EUR 9.8 million to EUR 10.5 million before and EUR 11.0 million to EUR 12.0 million after the takeover of Born Informatik AG was, therefore, exceeded for 2015. The operating EBITDA margin is 7.3 % compared to 6.2 % in the previous year.

After EBITDA of EUR 4.2 million (previous year: EUR 3.3 million) in the first six months, the value increased to EUR 10.1 million (previous year: EUR 6.5 million) in the second half of the year. Approximately EUR 1.3 million of this was due to the acquisition. The increase during the year is largely due to the higher number of potential working days, the company acquisitions and higher license sales.

Both segments contributed to higher earnings, with a much greater increase in the IT Services segment. The subsidiaries in Germany, Switzerland, Austria and Turkey, in particular, improved earnings in the IT Services segment, while earnings decreased in e-commerce. Additional contributions to earnings from the sale and implementation of adesso's own insurance solutions had an impact in the IT Solutions segment.

CONSOLIDATED INCOME STATEMENT

<i>in EUR k</i>	2015	2014	2013	2012	2011
Sales revenues	196,449	156,915	135,283	120,521	105,986
Other operating income	1,862	2,069	2,150	2,857	1,703
Own work capitalised	165	274	0	290	910
TOTAL INCOME	198,476	159,258	137,433	123,668	108,599
Cost of materials	-22,975	-18,980	-13,789	-13,767	-13,292
Personnel costs	-125,144	-98,903	-87,739	-77,426	-65,454
Other operating expenses	-36,074	-31,597	-28,129	-25,764	-21,247
EBITDA	14,283	9,778	7,776	6,711	8,606
Depreciation and amortisation	-4,877	-2,407	-2,936	-4,154	-3,454
EBIT	9,406	7,371	4,840	2,557	5,152
Income from financing and investment activities	69	-83	-217	-139	-150
EBT	9,475	7,288	4,623	2,418	5,002
Income taxes	-4,163	-3,293	-1,596	-2,510	-1,091
Consolidated profit/loss	5,312	3,995	3,027	-92	3,911
Gross profit	173,639	138,209	121,494	106,754	93,695
Gross income margin (in %)	88%	88%	90%	89%	88%
EBITDA margin	7.3%	6.2%	5.7%	5.6%	8.1%
Growth in sales	25%	16%	12%	14%	24%
Change in personnel costs	27%	12%	13%	18%	20%
Change in other operating expenses	14%	13%	9%	21%	22%

Depreciation and amortisation increased by EUR 2.7 million or 121 % to EUR 4.9 million in the reporting period. This sharp increase is due to the short and medium-term amortisation of intangible assets from the acquisition of Born Informatik AG. The figure includes scheduled amortisation on customer lists and order backlog from mergers in the amount of EUR 2.1 million (previous year: EUR 0.4 million). It also includes depreciation on property, plant and equipment, which increased significantly by EUR 1.0 million to EUR 2.8 million. Next to the growth of the company during 2015 and in the previous year, the increase in depreciation on property, plant and equipment was driven by a significant expansion of the licensing base for internal software tools due to amendments to partnership contracts. A further increase will be necessary in 2016. After goodwill impairment losses of EUR 0.2 million on the gadiv business unit were recognised in the previous year, there was no impairment of goodwill in 2015. Income from financing and investing activities was EUR 69 thousand after EUR -83 thousand in the previous year. Interest expense increased significantly by EUR 117 thousand to EUR 291 thousand because loans of EUR 5 million and CHF 14 million were taken out for the acquisition. On the other hand, income from investing activities increased from EUR 24 thousand in the previous year to EUR 309 thousand. Much higher depreciation and amortisation notwithstanding, earnings before taxes (EBT) increased by 30 % to EUR 9.5 million (previous year: EUR 7.3 million) due to higher operating earnings. Income tax expense was EUR 4.2 million (previous year: EUR 3.3 million). Since deferred tax assets on current losses of subsidiaries were not recognised, the reported arithmetical tax rate, as in the previous year, is higher than the actual tax rate. The arithmetical tax rate is 44 % (previous year: 45 %). Overall, this resulted in positive consolidated earnings of EUR 5.3 million in 2015 compared to EUR 4.0 million in the previous year. The proportion of consolidated earnings allocated to minority interests was EUR 0.6 million as in the previous year, so the consolidated earnings allocated to adesso shareholders increased by 39 % from EUR 3.4 million to EUR 4.7 million. Earnings per share are EUR 0.82 compared to EUR 0.59 in the previous year.

Orders

The order volume continued to increase in parallel to sales growth. Demand remained consistent in the course of the year. A general slump in

demand was not observed in any region, segment or industry. Business activities continue at the start of 2016 with the vast majority of the leading customers for 2015.

Mitarbeiterkennzahlen

The leading performance figures for employees developed as follows:

EMPLOYEE INDICATORS

	2015	2014	2013	2012	2011
Employees at year end	1,840	1,499	1,352	1,138	922
Full time equivalents (FTE) at year end	1,702	1,377	1,221	1,084	847
Full time equivalents (FTE), average for the year	1,534	1,298	1,156	1,007	784
Sales per Ø FTE (in EUR k)	128	121	117	120	135
Gross profit per Ø FTE (in EUR k)	113	106	105	106	118
Personnel costs per Ø FTE (in EUR k)	82	76	76	77	83

Financial Position

Financial Management Principles and Objectives

adesso pursues a balanced financial policy. The objective of financial management is to assure short-term liquidity, including a margin of safety, as well as to secure and acquire financial assets to fund medium- and long-term investment projects. In principle, the company does not enter into investment transactions with speculative elements. There are no variable interest rates on investments. The maximum investment term is six months, with investments on a daily basis being the most common in view of interest rates tending towards zero for low-risk investments in order to remain flexible in response to investment opportunities that arise. Central cash management at the level of daily account clearing has not been set up. Bank borrowing is centralised with the parent company. The account balances and financial position of all companies are transparent to the Group's Executive Board, and constitute a standard element of the monthly reporting system. All interest-bearing

liabilities are denominated in euros, except for the 2015 acquisition in Switzerland denominated in Swiss francs. Factoring or other methods of selling receivables are not used.

Capital Structure

Financing is needed primarily for the receivables portfolio and services that have not been settled in the amount of EUR 46.7 million (previous year: EUR 34.7 million). Working capital (trade receivables plus PoC receivables less trade payables and PoC liabilities) is EUR 30.4 million on 31 December 2015 (previous year: EUR 23.6 million). The need for advance financing of business operations, therefore, increased by 29 % year on year, whereas sales, which only included the former Born Informatik AG in the second half of the year, rose by 25 %. However, there were no significant changes in customer payment patterns or in receivables management. Three loans for EUR 5.0 million (on instalment payments), CHF 5.0 million (on instalment payments) and CHF 9.0 million (payable on maturity) were taken out in 2015 to finance adesso AG's acquisition in Switzerland. The loans have terms of five, seven and ten years. The interest rates are between 1.07 and 2.34 %. The portfolio of interest-bearing financial liabilities increased as a result, from EUR 5.7 million in the previous year to EUR 21.7 million on the reporting date. Interest is fixed over the respective entire term. All interest-bearing liabilities are denominated in euros or Swiss francs. Credit balances are largely available in the short term and bear interest at fixed rates. Net liquidity after deducting the interest-bearing liabilities is EUR 6.4 million (previous year: EUR 18.0 million).

Investments, Acquisitions and Divestments

The adesso business model requires relatively low investments in property, plant and equipment. The capital assets of EUR 5.3 million (previous year: EUR 4.9 million) largely consist of hardware, such as laptops and servers, as well as office furnishings. Investments in more employees, as well as the expansion of licenses for software programs used internally are responsible for the increase. There are no significant subsequent obligations from property, plant and equipment investment projects as of 31 December 2015, and no investment backlog to report. The acquisition of 100 %

of the shares in Born Informatik AG, Switzerland for a purchase price of CHF 18.5 million in the reporting period was the largest company acquisition to date. There is a subsequent purchase price obligation of CHF 0.3 million in 2016. The company, specialising in major IT projects for government organisations in the capital and related operations in the Bern metropolitan area, was merged with adesso Schweiz AG in 2015. As a result, adesso Schweiz AG, with more than 200 employees and freelancers along with CHF 40 million in sales, has become one of Switzerland's leading IT service providers. In 2015 adesso, along with three co-shareholders, founded PSLife Consulting GmbH, a company to provide consulting and development services for the implementation of life insurance solutions. adesso holds 70 % of the shares in the company, which has been profitable since its founding. Together with the current CEO, adesso founded the Group's own insurance brokerage company, alleato assekuranzmakler GmbH, in 2015. adesso holds 74 % of the shares in the company. Providing optimum support for the adesso Group and its employees in all insurance matters, as well as integrating insurance solutions with adesso's business operations, are the objectives. Third-party business will also be acquired by alleato. Effective on 1 January 2016, adesso also took over 30 % of 1Buch GmbH. The company offers innovative solutions and its own software platform for the digitalisation and customisation of print products. adesso pursues a focused business development strategy in the publishing segment. In the context of activities related to Industry 4.0, the Internet of Things and entering the mechanical engineering market segment, adesso also acquired a 24.9 % interest in com2m GmbH, Dortmund. This company has developed an innovative platform for monitoring machines and electronic components that transmit data in the Internet of Things. Furthermore, adesso agreed to provide funds up to EUR 500 thousand. Additional information on the companies can be found in the "Consolidated Notes".

Liquidity

Cash and cash equivalents total EUR 28.2 million on the reporting date (previous year: EUR 23.7 million). They are partly offset by interest-bearing liabilities, mainly from acquisition loans, in the amount of EUR 21.7 million (previous year:

DEVELOPMENT OF BANK BALANCES AND FINANCIAL LIABILITIES

<i>in EUR k</i>	<i>Cash at bank</i>	<i>Change in %</i>	<i>Financial liabilities</i>	<i>Change in %</i>
2011	22,491	32	5,878	-23
2012	21,280	- 6	10,359	76
2013	21,644	1	6,091	-41
2014	23,724	10	5,724	-6
2015	28,162	19	21,746	280

DEVELOPMENT OF LIQUIDITY

<i>in EUR k</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>Change 2015</i>
Liquid assets	28,162	23,724	21,644	4,438
(-) Interest-bearing liabilities	21,746	5,747	5,356	15,999
(=) Net cash position	6,416	17,977	16,288	-11,561
Net liquidity to EBITDA	0.44	1.84	2.09	-1.40
Liquid assets	28,162	23,724	21,644	4,438
(+) Trade accounts receivable and receivables PoC	46,730	34,655	29,011	12,075
(-) Current liabilities	53,716	38,209	32,687	15,507
(=) Net cash position 2	21,176	20,170	17,968	1,006

DEVELOPMENT OF THE FINANCIAL

<i>in EUR k</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Liquid assets	28,162	23,724	21,644	21,280	22,491
Interest-bearing liabilities	21,746	5,747	5,356	7,707	4,785
Net cash position	6,416	17,977	16,288	13,573	17,631
Cash flow from operating activities	16,877	9,248	7,646	373	10,188
Cash flow from investing activities	-26,878	-5,408	-1,231	-2,624	-1,876
Cash flow from financing activities	14,081	-1,735	-6,007	1,103	-2,888
Currency translation differences	358	-25	-44	25	46
Total change in liquid assets	4,438	2,080	364	-1,211	5,470
Income from financing and investment activities	69	-83	-220	-139	-150

EUR 5.7 million). Net liquidity after the deduction of interest-bearing liabilities, therefore, decreased by EUR 11.6 million to EUR 6.4 million (previous year: EUR 18.0 million).

Cash flow from operating activities increased significantly from EUR 9.2 million in the previous year to EUR 16.9 million. Most of this increase is accounted for by higher EBITDA at EUR 4.5 million and the change in other provisions of EUR 1.7 million included in that. The change to net operating assets freed up an additional EUR 2.7 million (previous year: EUR 0.2 million). Cash flow from investment activities was EUR -26.9 million (previous year: EUR -5.4 million). This pronounced increase was due to the company acquisition in Switzerland. Outflows for property, plant and equipment, however, decreased from EUR 4.6 million in the previous year to EUR 2.1 million. An investment was made in the new Group headquarters in Dortmund during the previous year. Cash flow from financing activities was EUR 14.1 million compared to EUR -1.7 million in the previous year. This is due to taking out new loans totalling EUR 18.4 million. Dividends of EUR 2.1 million (previous year: EUR 1.5 million) were paid out, of which EUR 1.4 million went to adesso AG's shareholders (previous year: EUR 1.2 million). Accordingly, cash and cash equivalents changed by EUR 4.4 million overall compared to EUR 2.1 million in the previous year.

As in the previous year, lines of credit with several banks of EUR 1.7 million could be utilised. There was no availment of credit lines on the reporting date.

Variable salary components are paid from cash and cash equivalents and are paid out in the first few months of 2016. This is typical for the business. Overall, the liquidity of the adesso Group is adequate to carry on current business operations, for the planned redemption of liabilities and to compensate for ordinary fluctuations in capacity utilisation.

Net Assets

Analysis of the Asset Structure

Total assets on the reporting date increased year on year by 43 %, or EUR 36.1 million, to EUR 120.2 million. The main driving force next to the organic growth of business activities was the acquisition in Switzerland. On the assets side, goodwill increased by EUR 10.4 million and intangible assets by EUR 9.2 million due to the acquisition. Sales growth and the acquisition caused trade receivables to increase by EUR 7.3 million and PoC receivables by EUR 4.8 million. Overall, the non-current assets grew faster than the current assets due to the acquisition. Non-current liabilities and, here in particular, bank liabilities at EUR 13.4 million increased on the liabilities side parallel to the development of assets. Equity increased by EUR 3.7 million to a total of EUR 42.5 million. Nevertheless, the equity ratio fell from 46.1 % in the previous year to 35.3 % because of the sharp increase in total assets.

Financial and Non-financial Performance Indicators

The key financial performance indicators used for internal control of the Group are sales growth, EBITDA and the EBITDA margin. Targets and actual values for the reporting period as well as the medium and long-term target corridor are provided in the following table.

adesso does not use any group-wide non-financial performance indicators for the internal control of the group. Since adesso AG is of paramount importance to the group, generating around two-thirds of the adesso Group's business, reporting on the financial and non-financial performance indicators used for the internal control of adesso AG follows.

The development of earnings generated by adesso AG depends on a number of performance indicators. In addition to the growth rate which is achieved, these are in particular:

Employee capacity utilisation (proportion of employees working on customer projects)

The proportion of employees working on billable customer projects has a direct influence on earnings. The greatest possible constant and high utilisation is the goal, without severely limiting flexibility in staffing new projects. Since the end and beginning of projects cannot always be optimally scheduled in sequence, some basic non-utilisation

MULTI-PERIOD VIEW OF ASSETS AND LIABILITIES

<i>in EUR k</i>	2015	2014	2013	2012	2011
Balance sheet total	120,167	84,030	75,129	76,940	69,850
Current assets	78,656	60,789	53,004	52,735	46,690
of which liquid assets	28,162	23,724	21,644	21,368	22,491
of which trade accounts receivable and receivables PoC	46,730	34,655	29,011	29,306	22,718
Non-current assets	41,511	23,241	22,125	24,205	23,160
Current liabilities	55,540	38,209	32,687	33,746	29,261
of which loans and other financial liabilities	4,212	1,597	2,567	4,482	2,236
of which trade accounts payable and liabilities PoC	16,379	11,055	7,263	7,284	8,205
Non-current liabilities	22,152	7,073	6,398	8,718	6,221
thereof loans and other financial liabilities	17,534	4,150	3,525	5,877	3,642
Equity	42,475	38,748	36,044	34,476	34,368

FINANCIAL PERFORMANCE INDICATORS

	2015 target	2015 actual	target corridor
Growth in sales (organic)	6 % to 9 % up EUR 166 to 171 million	25 % to EUR 196 million (EUR 184 million organic)	At least double industry growth (2015: 3.0 %)
EBITDA	EUR 9.8 to 10.5 million	EUR 14.3 million	-
EBITDA margin (indirect)	> 6.0 %	7.3 %	9 % to 11 % (long-term)

PERFORMANCE INDICATOR CAPACITY UTILISATION INVERSE

	2015	2014	2013	target
Annual average	6.0 %	7.1 %	7.3 %	6 % to 8 %
Maximum	8.4 %	9.6 %	9.2 %	10 %
Minimum	3.1 %	3.9 %	4.7 %	4 %

PERFORMANCE INDICATOR BOOKING INTENSITY

	2015	2014	2013	Zielkorridor
Annual average	87 %	88 %	92 %	85 % to 95 %
Maximum	93 %	93 %	97 %	100 %
Minimum	76 %	73 %	75 %	75 %

of capacity is unavoidable. Utilisation is measured biweekly according to the number of employees in operations and is reported as the proportion of employees that are not assigned to a project.

A higher utilisation was achieved in 2015 compared to the previous year. The value is within the target corridor and above the two previous years.

Booking Intensity (Average of Billed Hours per Project Day)

The number of billable customer hours as the basis for sales and earnings is subject to fluctuations, which do not depend on the order situation, such as the number of potential working days, holidays taken, illness and capacity utilisation. When these effects are neutralised in the analysis of billable customer hours, it is possible to determine the average billable customer hours per project day for an employee assigned to a project, provided that structures remain unchanged. The booking intensity determined this way measures the development of quantitative value creation per employee in the project. Since additional or fewer hours worked per project day leave costs virtually unchanged, a change in the booking intensity has a direct impact on earnings. The booking intensity is also influenced by the intensity of pursuing internal projects for company development, business development or pre-sales. It is specified as a percentage of an eight-hour workday.

The booking intensity fell again slightly in 2015 compared to the previous year. It is only just within the target corridor.

Average Daily Rates

The change in the average daily rates, both in projects billed on a time and materials basis and in fixed-price projects on a calculation basis, is a key earnings driver. In particular compared to the change in labour cost per employee as the leading cost item, it has a significant impact on the operating earnings margin. Accordingly, the daily rates are a fixed internal control element. Their development is tracked on an individual customer basis and they are purposefully examined for improvement potential. The change in the average daily rate is reported as a percentage compared to the previous period. In 2015 the daily rate in projects billed on a time and materials (T&M) basis was increased slightly but below the growth rate for the previous year.

Calculated Daily Rates and Budget Overruns for Fixed-price Projects

The number of project days in fixed-price projects that exceed the budget has a direct impact on earnings, since those days are not available for other potential working time. Even if they can only be used in combination with projects completed below budget for an overall image of the impact that fixed-price projects have on earnings, the change in budget overruns serves as a signal for progress or setbacks related to fixed-price projects. The evaluation is based on days and not on euros, so this is a qualitative view.

Together with the arithmetical daily rates used in project calculations, the under- and over-budget ratio is used to derive the calculated daily rate on fixed-projects during post-calculation. In 2015 the calculated daily rate for fixed-price projects could not be increased even though budget overruns went down. An especially high-volume project was accepted for strategic reasons even though the calculated daily rate was low even when the offer was submitted. The target corridor was not met.

adesso AG examines employee aspects as non-financial performance indicators. As a fast-growing premium IT service provider, adesso depends on the ability to gain many of the best graduates and experienced experts as new employees to pursue their internal further development as extensively as possible and to retain them over the long term. Here the following two performance indicators are of particular relevance.

Recruiting Performance Figures and Turnover

Recruiting examines the number of applications received, initial interviews conducted and new hires. The turnover ratio is based on employee resignations of permanent staff. In 2015 the number of applications received and the initial interviews, at 13 % and 16 % respectively, were increased at the same growth rate as gross profit in the previous year. Rapid organic growth continued even though the increase in the applications received was lower, indicating a future flattening of the growth rates. The number of new hires for all positions increased disproportionately, however. This is due to the expansion of the trainee programs and further efforts to integrate students

Economic Report

PERFORMANCE INDICATOR DAILY RATE T&M

	2015	2014	2013	Target corridor
Annual average	+ 2 %	+ 4 %	- 2 %	min. + 2 %

PERFORMANCE INDICATOR FIXED-PRICE PROJECTS

	2015	2014	2013	Target corridor
Budget overruns (% of work in fixed-price projects)	- 13 pp.	+ 4 pp.	- 13 pp.	< 0 pp.
Arithmetical daily rates	- 11 %	+ 2 %	+ 11 %	min. + 2 %

PERFORMANCE INDICATOR RECRUITING

	2015	2014	Target corridor
Development of applications	+ 13 %	+ 24 %	>= Gross profit increase, previous year
Development of initial job interviews	+ 16 %	+ 17 %	>= Gross profit increase, previous year
New hires (all positions)	359	259	Increase over previous year
Turnover ratio (change and maximum value)	- 1.3 pp., < 10 %	- 1.8 pp., < 10 %	Improvement and <10 %

PERFORMANCE INDICATOR FIRSTSPIRIT

	2015	2014	2013	Target corridor
License sales	+ 1 %	+ 36 %	- 20 %	> 5 %
Maintenance sales	+ 14 %	+ 10 %	+ 24 %	> 5 %

early on and also a result of more targeted applications. The turnover ratio decreased and remains within the target corridor.

Management in the Group also examines the development of licence and maintenance proceeds from the product FirstSpirit as an internal performance indicator, since licence proceeds in a short-term quarterly and financial year view have a major direct impact on earnings, and because maintenance proceeds form the basis for growing the development and marketing cost base of the product. Licence and maintenance proceeds were increased in 2015. The growth in licence sales was however below the target value.

SUBSEQUENT EVENTS

The Supervisory Board of adesso AG agreed to the conclusion of a purchase and contribution agreement for the full takeover of Arithnea GmbH on 16 November 2015. The purchase agreement was signed on 19 November 2015 and takes economic effect on 1 January 2016. With the pending implementation, adesso's share increases from 51 % to 100 %. Initially, the profits of Arithnea GmbH, generated up to 31 December 2015 that have not been distributed yet, will be paid out to the non-controlling shareholders on a pro-rata basis in the amount of EUR 1,476 thousand. Subsequently, adesso is acquiring the remaining 49 % of the shares for a purchase price of EUR 5,157 thousand. The purchase price breaks down into a fixed payment of EUR 4,059 thousand, a conditional purchase price obligation of EUR 211 thousand and shares to be issued at a value of EUR 886 thousand. There were no other events of material importance to adesso after the reporting date of 31 December 2015.

FORECAST, OPPORTUNITIES AND RISK REPORTS

Forecast Report

Group Orientation over the Coming Financial Year

adesso's vision of becoming one of Central Europe's leading IT consulting firms for industry-specific business processes will be pursued with vigour. The strategic guidelines for growth through industry segmentation, portfolio expansion in IT Services, internationalisation and the expansion of the company's solution portfolio in the IT Solutions business area will continue to determine what action adesso takes over the next two years. The same acquisition policy will be pursued. Irrespective of the acquisition policy, organic growth will continue to be spurred on in all industries and regions. In addition to its very good position as a popular IT service partner for insurers, adesso will increasingly promote itself as a product partner, as well. Solutions for the insurance sector were bundled for this purpose in the course of developing the adesso insurance solutions. Since the high pace of innovation and growth is to be maintained, the operating EBITDA margin will be reduced in the coming two years, as well. Preventing a drop below 6 % continues to be the goal.

Future Macroeconomic Situation

Following a clear economic recovery in 2014, the growth rate only increased slightly in 2015 to 1.7 % of the gross domestic product. The federal government, in its annual economic report, predicts that the GDP will grow at the same rate of 1.7 % in 2016. Therefore, the federal government expects continued solid growth for Germany even though the global economic environment is mixed. This growth continues to be driven by the domestic economy, in particular, consumer spending and residential construction investments. Continued high employment and the increase in real wages during the previous year form the basis. The recovery in the eurozone is said to have solidified, while the foreign trade environment is fragile due to significant geopolitical tension and slower growth in some emerging markets. Based on the forecasts of international organisations, the projection for 2016 assumes slight growth of the world economy

and world trade. A moderate increase in German exports is expected due to the low external value of the euro compared to the US dollar. Companies are investing more in the course of the year as demand increases.

Major challenges are associated with the further stabilisation of the eurozone, demographic change and dealing with the flood of refugees. Therefore, the federal government explicitly geared its economic and finance policies towards solidifying the growth trend and improving the growth potential. According to the Ministry of the Economy, this is based on the need to modernise our own economy and bring it to a higher level of private and public investments. Digitalisation is said to play a key role for investments and an economic policy aimed at sustainable growth. In addition to establishing a regulation framework, the federal government wants to drive the expansion of the digitalisation infrastructure.

SECO, the Swiss secretariat for the economy, expects the economic performance to improve again based on the work of a federal expert group after GDP growth cooled significantly to 0.8 % in 2015, mainly for monetary policy reasons. The alleviation of dampening effects from the weaker expansion of world trade and the slowing domestic economy is expected to boost economy growth in Switzerland to 1.5 % in 2016. 1.9 % is expected for 2017.

The Austrian Federal Ministry of the Economy, Families and Youth based on projections by the Austrian Institute of Economic Research (WIFO) and the Austrian Institute for Advanced Studies (IHS) expects GDP growth to improve again in the range of 1.6 % to 1.7 % for 2016 and 1.7 % for 2017.

Therefore, adesso expects a largely friendly macro-economic market environment in 2016, associated with ongoing and some new risks in regards to actual development. The key assumption underlying the German federal government's projections is that the financial sector will remain stable and that there will be no negative developments in the eurozone or global economy, which would create renewed uncertainty among market participants. Based on previous measures and tendencies towards stabilisation of the financial sector and

the eurozone, a massive worsening of the current positive economic development in the sectors important for adesso is not expected in 2016 and 2017.

Future Industry Situation

According to the assessment of the industry association BITKOM, the ITC market will continue to grow in 2016. BITKOM expects 1.5 % growth of the overall ITC market to EUR 158.4 billion in 2016. Growth of 1.9 % was achieved in the previous year. In addition to the expected weaker PC business and saturation effects for telecommunication devices, the "VW effect" is causing uncertainty for IT service providers and software suppliers. Nevertheless, information technology remains the growth driver of the German ITC market. Sales of software, IT services and IT hardware are expected to grow by another 3.1 % to EUR 82.9 billion in 2016 after increasing by 3.5 % in the previous year. Growth rates are highest in the software and IT services business, with above-average growth in demand for Big Data and Cloud Computing, among others. Providers are also benefiting from the digitalisation of companies in all sectors. Digital transformation is the buzzword. This is no longer just about process optimisation but about the core business. IT security and data protection are other relevant topics. The positive industry outlook is supported by the latest economic survey conducted by BITKOM. It shows that over 80 % of all IT service and software companies surveyed expect sales to increase in the first half of 2016, compared to the same period in the previous year. Employment in the sectors of particular relevance for adesso is also predicted to be especially high now and in the future. The employment figures for software companies and IT service providers are growing by around 25,000 to about 795,000 in 2016. Employment should increase by around 157,000 in the IT sector within five years.

Internally adesso assumes the market growth relevant to adesso in 2016 will be 3.5 % in the DACH region.

Anticipated Sales and Earnings Situation

The report on risks and opportunities is a pivotal part of management's considerations of the further development of adesso and of the forecast report. Potential acquisitions are not included in the forecast calculations.

Based on anticipated economic growth of 3 % in relevant segments of the IT market as well as on internal calculations, adesso's management is expecting the following in 2016:

- > Sales revenues are expected to increase between 12 and 18 % to EUR 220 million to EUR 232 million (2015: EUR 196 million and 2014: EUR 157 million).
- > Operating earnings (EBITDA) are expected to be in the range of EUR 14.5 million to EUR 17.0 million (2015: EUR 14.3 million and 2014: EUR 9.8 million).
- > The target for the operating EBITDA margin is at least 6.5 % (2015: 7.3 % and 2014: 6.2 %).

Growth significantly above the industry average is expected in both segments. Organic growth in the number of employees of the adesso subsidiaries in Germany during 2015 leads to corresponding higher sales expected for 2016. Further growth is also expected in Turkey. Efforts to sell additional licenses to life insurance providers and private health insurers with the associated implementation projects offer additional growth potential. Furthermore, the former company Born Informatik AG acquired in mid-2015 will be included in the consolidated financial statements for the entire year for the first time in 2016.

The planned increase in operating earnings is largely based on the growth objectives and expected further improvement of earnings in Austria and Turkey, as well as the new c-commerce business area. Internationalisation efforts in the USA and UK are expected to have less of a negative impact on earnings compared to the previous year.

A higher contribution to earnings is expected in the second half of the year. In the second half of the year, 128 potential working days and, therefore 4 additional working days or 3 % more compared to the first six months, are available at the largest location. The difference is less significant compared to the previous years. Moreover, experience has shown that licence sales are higher in the second half of the year.

For 2017, we are anticipating further sales growth as well as further positive development of the operating result.

Expected Financial Position

adesso's liquid asset base is solid and will be sufficient to cover financial obligations in 2016 should the forecast business development come to fruition. adesso's balance sheet structure allows it to assume additional liabilities for investment projects to ensure that there are no shortfalls in terms of financing. adesso continues to strive for a positive net cash position. Only if there is an opportunity to acquire a company of unusual size and profitability with a high strategic value for adesso would a deviation be considered.

The Executive Board intends to continue the dividend policy on this basis, calling for a balanced weighting of investments in growth, financial stability and shareholder participation in the company's earnings. If the earnings targets can largely be achieved, the Executive Board will strive to further increase the dividend. The dividend proposed for 2016 will reflect actual developments.

Opportunities and Risk Report

Risk management is a pivotal component of all decisions and business processes. adesso takes a broad view of risk, defined as the risk of not achieving financial and operating targets as planned and, in the strictest sense, factors endangering the existence of the company. In order to safeguard the success of the company over the long term, it is therefore essential that adesso identifies and analyses risks efficiently and combats or mitigates them by implementing sufficient control measures. adesso's active risk management therefore also opens up opportunities for the company.

Risk Management System

adesso possesses a system of processes and data analysis structures to monitor risks posed to the company. An exclusive risk management software system is not used. Instead, adesso uses an integrated system developed by Corporate Planning AG for financial and operational planning as well as operational controlling. All plan and actual data from all business areas is stored in a central database for the purposes of reporting. Current figures are recorded directly from the company's financial accounting. Key performance indicators such as

sales per employee, available liquidity, resources not fully utilised and incoming orders and the order backlog are registered. All companies included in the scope of consolidation are part of the reporting system.

Fixed reporting channels have been established for other risks, such as those arising from the absence of contracts, high levels of receivables from customers or projects that are threatening to go over budget. Certain reporting thresholds apply, which, if breached, result in the issue being included on the agenda of Executive Board meetings. Similar risks posed to companies in the adesso Group are identified through close cooperation with the respective responsible Executive Board member of adesso AG. adesso does not have a central risk manager. Risk reporting and assessment is documented in a risk manual. The risk manual is submitted to the Supervisory Board so that the risk management system can be acknowledged and reviewed.

Recognising opportunities and new areas of business are just as important for the development of adesso. Working groups consisting of the Executive Board, Business Development, the management of companies in adesso Group and heads of business areas, meet on a regular basis to analyse new business opportunities and develop new business models, industries, solutions or regions. The progress made in implementing these measures is presented at regular intervals.

Within the scope of a risk inventory, the following risks were assessed as relevant to the business and subsequently assessed in view of their probability of occurrence and amount of loss. In principal, only risks that would have negative implications for the asset, financial or profit situation are listed here.

Moreover, adesso is potentially exposed to further risks which may not be known or be considered as major risks at the current time. The risk factor is calculated from the probability of occurrence and the amount of loss, which determines how relevant the risk is. The following risks were identified as of the reporting date and as of the preparation of the management report as having a risk factor worthy of inclusion in this report:

Primary Risk Carrier

Project Risks

In the event of the budgeted time frame and costs being exceeded, fixed-price projects can lead to project-related losses. Budget deviations are identified and analysed constantly during every fixed-price project. There is also an escalation mechanism that extends to the Executive Board. A customer has refused acceptance under a service contract as of the reporting date (previous year: no refusal of acceptance). No customers claimed back payments totalling more EUR 0.1 million (previous year: no customer). Several projects presented for customer approval have not yet been formally accepted by the customer. However, no customer has refused approval, and those delays are not unusual in normal business practice. The backlog of fixed-price projects that have yet to be invoiced in full rose year on year. However, project risk is lower than previously estimated since the proportion of budget overruns in fixed-priced projects was further reduced. A customer in Austria threatened damage claims of EUR 1.3 million in 2013 for allegedly high subsequent costs relating to the software supplied as part of a project. Those claims have not been pursued in court and adesso cannot see any grounds for the claims. There was no further communication with the former customer regarding the claim in 2015 or the previous year.

adesso uses an Excel-based project controlling and reporting system. Depending on the project structure, sub-projects are defined and mapped on adesso's web-based project and schedule management system. Expenses are distributed across the sub-projects and milestones are defined. Over the course of the project, actual time and expenses are compared with planning figures, the expenses are calculated and compliance with the defined schedule is documented. Additional monthly or weekly assessments of work still to be completed are used to calculate the level of completion of the project underway. By comparing the level of completion and the remaining expenses, any potential budget deviations can be identified at an early stage. Projects that are likely to exceed the budget are given "overspend" status and are then added to the agenda of subsequent Executive Board meetings. Aside from acknowledging the risk, the Executive Board meeting also discusses potential strategies to improve the situation by analysing the reasons for

the overspending. However, the share of projects with fixed budgets in the form of service contracts in terms of overall adesso sales is low at under 20%. adesso AG has established a Project Management Office (PMO) where experts supervise particularly large-scale or challenging projects using standardised tools and mechanisms alongside the regular project management team. These tools and processes were further developed in 2015 and are now used routinely. Expenses arising from budget overspenders for new fixed-price projects tended to be lower compared to the previous year.

Risks from a Shortfall in Planned Sales

In the event of a high gross margin and a large proportion of fixed costs, low sales can be directly reflected in adesso's results. Sales improved year on year in 2015 and planned sales were exceeded, as in the previous year. General expectations in terms of economic development in 2016 are cautiously optimistic. Demand, therefore, appears to be dynamic at a level of certainty similar to the previous planning period (the Ukraine crisis and the debt crisis in Greece had a dampening effect in the previous year). This risk factor is, once again, considered to be of lower relevance compared to the previous year, in part because of the high organic growth rate achieved by adesso. Planning in the IT Services segment assumes that average utilisation will be unchanged in 2016. However, a decline in order intake or the termination of important ongoing customer orders could result in idle periods with corresponding implications for the profit and financial situation within a short period of time. Given that the IT Services business area in particular generates business over specific periods of time, such idle periods are difficult to compensate for. As this risk factor is highly relevant to the company, adesso monitors the following values on a monthly and sometimes biweekly basis in order to identify trends at an early stage and take corresponding action: Order backlog, order intake, number of hours invoiced and capacity utilisation rates, number of employees not working at full capacity. Planning reliability for the subsidiary in Turkey that is under development is considered higher, as well.

The IT Solutions segment pursues a product strategy. In this segment, even standard solutions developed by adesso are sold and implemented through licensing with maintenance contracts. While the

established base of maintenance contracts represents a relatively stable basis for sales, the achievement of targets and the results of product companies are reliant on order intake and much more volatile than the service business, given the low number of new licences sold. Sales revenues from maintenance activities do not cover total ongoing costs at any of the adesso Group companies. As a result, the product companies' licence sales and related sales pipelines are monitored in detail in terms of structure and development over time. The planning deviation risk factor remains constant in the IT Solutions segment for 2016 (previous year: slight increase due to higher expected 2015 license sales in the USA for the product FirstSpirit).

In each business area, there are detailed plans in which actual figures and previous year's figures are compared on a monthly basis. A forecast is also prepared and revised on a cycle, identifying possible future deviations in a timely manner. Corresponding reports form the basis for the monthly discussions of business development and prospects. This applies to all companies of adesso Group.

Financial Risks

The risks posed by the financial situation and liquidity have increased (previous year: decreased). Taking out additional loans of about EUR 18 million in the course of a company acquisition has significantly increased adesso's indebtedness. That loan, and acquisition loans taken out in previous years, must be repaid regardless of the economic performance of the company. Cash and cash equivalents do, however, exceed loan liabilities on the reporting date of 31 December 2015. Currency risks remain low for adesso. They do, however, exhibit a rising trend again compared to previous years due to increasing sales revenues outside the eurozone and the significant weakness of the euro. Only a small proportion of sales are conducted in a currency other than the euro. These transactions mainly concern adesso Schweiz AG and e-Spirit Schweiz AG, which conduct business in Swiss francs, adesso Turkey, which operates in Turkish lira, e-Spirit UK Ltd., which conducts business in British pounds and e-Spirit Inc., which operates in US dollars. These companies process the majority of their business in the respective national currency. No currency hedging transactions were carried out.

adesso AG's loss carry-forwards for trade tax and corporation tax purposes as of 31 December 2006 continued to be utilised in relation to BOV AG in consideration of minimum taxation following the fusion of adesso AG (old). A large corporation audit was conducted in 2015 for the period from 2009 through 2013. Within the scope of this audit, the financial administration fully recognised the loss carry-forwards claimed by adesso AG in the course of reorganising the business operations of BOV AG in terms of Section 8 (4) KStG. The risk of non-recognition, classified as a main risk in the previous year, has, therefore, been eliminated. This applies correspondingly to the risk of the possible non-recognition of the trade and corporate tax loss carry-forwards of evu.it GmbH reported in the previous year (time of acquisition: April 2010).

Financial risk can arise from the payment terms of service agreements for completed projects with significant volumes. In addition to prepayments and instalments, payments are often linked to the completion of the project. In the case of delayed completion, significant liquidity shortfalls can arise. The resulting risks can be predicted in the scope of project controlling, but not prevented. In some cases, project completion bonds must be deposited and are paid out if a project fails. In the case of major projects, service agreements can lead to large receivables. For example, if a customer has not paid two monthly invoices and the third month of service is already being provided. The level of unpaid receivables and their development are included in monthly reporting at the individual company level. The CFO includes major receivables on the part of adesso AG in the agenda of Executive Board meetings, where individual strategies for collection are determined. There are currently several major projects (previous year: several) that could have a significant negative effect on adesso's liquidity. Projects relating to adesso solutions for the insurance industry, in particular, involve flows of liquidity that are largely independent of the provision of services. The corresponding risk factor was already increased in the previous year and remains at that level.

There were no notable risks from financial instruments.

Personnel Risks

adesso is an IT company without any notable fixed assets. The company's most important assets are its employees. As a result, adesso constantly monitors and assesses a number of key performance indicators such as headcount, number of unproductive employees, number of employees on sick leave, employee, costs/sales per employee and capacity utilisation. The top-level management is always informed about every dismissal and new recruit. The Executive Board regularly analyses trends and discussed measures in its meetings. This allows any potential loss of knowledge and expertise to be identified promptly. In the product segments, essential knowledge is concentrated around a small group of key developers. These developers are a particular focus of human resources activities.

The search for suitable, experienced employees remains characterised by a demand surplus from companies. Circumstances remain difficult with no change compared to the previous year (previous year: more difficult). As in the past, the resulting entry-level salary expectations expressed by new recruits, as well as existing employees' expectations regarding pay rises, cannot always be compensated through a corresponding adjustment of market prices, meaning that the operating margin can be negatively impacted as a result. adesso reinforces its position as a premium IT service provider through extraordinarily talented employees with a vast amount of experience in their fields. Competitors in this area continue to increase their headcounts – not simply IT service providers, but also between user companies and the IT industry. A small number of employees are responsible for adesso's outstanding position in its core industries. The simultaneous departure of more than one of these employees would expose the company to medium-term risks in terms of its further development. Such risks are combated through active recruiting, strategies to intensify employee loyalty and excellent career prospects in a prospering company. Yet, the numbers of incoming applications and new hires were further increased in 2015 over the already high level in the previous year.

Employee turnover decreased year-on-year in 2015 (previous year: increased) and remains at a good industry average. The risk of insufficient availability of experienced employees for adesso is considered

high with no change (previous year: higher). The risk from high employee turnover and salaries increasing disproportionately to market prices was assessed as constant. Personnel risk remains one of the Group's highly weighted main risks.

Internationalisation/Risks from Business Activities in other Legal Systems

The adesso Group has expanded internationally in past years, entering new legal systems. This involves possible risks related to lacking knowledge of legal affairs and business practices, as well as difficulties with direct supervision by adesso AG's Executive Board due to distance. In 2012, e-Spirit AG established a company based in the USA, e-Spirit Inc. with offices in Boston, and expanded the number of employees and its sales activities in 2014 and 2015. In the USA, the risk of product manufacturers taking legal action is greater than it is in Germany. The German management team has little experience in dealing with American customers. e-Spirit Inc. has an insurance policy with the maximum amount of liability that it could be granted. In terms of both the legal structure of the company as well as internal cost allocation, it has been ensured that the potential for any problems to spread across to e-Spirit AG is as low as possible. Since the targets could not be reached in the USA, nor in the UK in 2015, the risk of internationalisation is assessed as higher. In 2013 the company established adesso Turkey in Istanbul and has begun operations there. The company has become profitable in the meantime. Nevertheless, the risk associated with Turkey does not appear lower due to political uncertainties, the Kurdish conflict and the proximity to Syria. The risk is considered higher compared to the previous year and is classified as a main risk for the first time due to the magnitude of the impact on earnings in the USA and UK to date.

Other Relevant Risks

Risks from the Customer Structure

As sales from individual customers or customer groups increase, so does the risk posed by such customer relationships from potential project terminations or normal project expiry. The largest customer accounted for 8 % (previous year: 8 %) of total sales in 2015. 37 % of total sales were generated with the ten largest customers (previous year: 38 %, 2013: 40 %). Customer structure risks tend to

decrease with the growth of adesso and the proportion of sales with the top ten customers is constant. Continued cooperation with the largest customers was agreed for 2016. The risk is assessed as unchanged year-on-year (previous year: lower) and remains at this level in the Group of other relevant risks. However, the abrupt loss of one of the top three customers or more than one of the ten largest customers would have the potential to negatively impact the earnings and financial situation of the company substantially, at least in the short term. The relationship to each of these top customers is managed by a member of the Executive Board or by the management of the respective subsidiary in order to recognise potential risks promptly and take appropriate action.

Each quarter, the top ten customers are listed by sales and each customer's share of overall sales is calculated. This avoids concentration on a small number of customer relationships and therefore allows a cluster risk to be recognised promptly.

Declining or Insufficiently Increasing Daily Rates

A significant proportion of sales is generated by service agreements and the charging of hours or days of service provided to the customer. With rising salaries and prices providing the basis for other costs, increases in nominal hourly and daily rates are essential in order to maintain the earnings margin and ultimately the existence of the company. However, one must differentiate between a change in the daily rate for a certain activity for a certain customer and a change in average daily rates resulting from a different combination of orders or changes in the customer structure.

At adesso AG, volumes and daily rates are recorded for all service agreements and analysed in terms of their development. The volume-weighted average daily rate of the contract is thus calculated on a monthly, quarterly and annual basis and reflected in the historical development. This does not include orders based on framework agreements or public tenders, which implies that the figures are suitable for general statements only. The daily rate for the orders, thus recorded, increased by 2 % in 2015 compared to 2014 (previous year: +4 %), so that the risk of realised average daily rates is considered unchanged in the context of low overall increases in costs.

The realised daily rates are also periodically recorded at adesso AG at customer level and analysed by the Executive Board in terms of necessary adjustments. Any identified need for action will be implemented by sales wherever possible, which has anchored the relevant elements in its target-based system. Realised increases of daily rates are recorded for each customer and a price history is maintained. Daily rates were increased slightly in many cases among existing customers during 2015, with new customers tending to pay significantly more than the average daily rate. However, it was not possible to increase the prices paid by several major customers. It was not necessary to accept a price reduction with any of the ten leading customers (previous year: one). The risk of insufficiently rising daily rates compared to salary increases and prices on the cost side therefore remains, but has not increased compared to the previous year.

Risks from the Development of New Products and Solutions

Since 2012, the adesso Group has significantly increased its investment in the development of new products and solutions and, therefore, shifted the risk profile of its heavily service-oriented business model towards its product business. The volume of investment was substantial in relation to the consolidated income statement and, as a result, was included as one of the main risks in 2012. Development of dynamic.suite, the company's single most important development, was stopped in mid-2012; investments made thus far have been lost. While this underscores the relevance of this risk, it has declined due to a reduction in investment in 2013 and has been reassigned to the other relevant risk category. With adesso insurance solutions, adesso is now pursuing the strategy of becoming one of the most important providers of software solutions for the insurance industry in addition to its service business. With this aim in mind, the company is carrying out major development projects for customers in the health and property insurance segments. The available life insurance system is being marketed broadly. All these products involve increasing risk from service and maintenance obligations. In the development phase, there is also increased risk from higher than planned development costs, for which adesso is partially responsible. However, those risks are offset by opportunities for considerable income from licences and maintenance.

Risks from Regulatory Law

As a listed company on the regulated market, adesso AG is subject to a number of additional legal requirements and obligations, such as the Aktiengesetz (AktG – German Stock Corporation Act), the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) and the Wertpapierübernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act). adesso follows corresponding developments in case law, obtains assessments from experience solicitors and familiarises its entire workforce with the fulfilment of the legal obligations of a listed company. adesso follows corresponding developments in case law, obtains assessments from experience solicitors and familiarises its entire workforce with the fulfilment of the legal obligations of a listed company.

In 2015, BaFin reviewed and objected to an ad-hoc release from 2014 regarding suspicion of incomplete and late publication. The matter was handed over to the corresponding department of the federal agency for follow-up. There is currently no further information regarding the state of processing by the BaFin.

Overall Statement Concerning the Group's Risk Situation

The overall risk profile of adesso fell significantly by 29 points or 6% year-on-year, to 476 points (previous year: minor decrease of 1% to 505 points). Changing the assessment of the "risk from the utilisation of loss carry-forwards" upon receiving the notices following the large corporation audit had an especially positive effect. The higher probability of occurrence for risks due to internationalisation/business activities in other legal systems, in particular, had a negative impact. A higher risk factor was also assigned to the general liquidity risks and technical infrastructure risks. None of the identified risks can be considered at the current point in time as risks that endanger the existence of the company as a going concern. However, the risks detailed above could have a negative impact on the asset, financial and earnings situation as well as on business performance.

Opportunities

adesso has introduced a series of measures to identify, assess and monitor opportunities for positive group development. Alongside sales information

systems, these measures are focused on organisational units for portfolio development within the industry, on the assessment of new technological developments and on the evaluation of the suitability of other industries. With the group further increasing in size, the systematic networking of all units within adesso Group is leading to ever-increasing synergy effects, particularly in sales, and an integrated service approach for major customers.

In 2016, there will be a wide range of further opportunities to expand business activities and increase profits. Additional new customers were acquired for the PSLife system for life insurance companies and the number of potential customers has increased. New customer acquisition led to a contract for several thousand person days in the course of implementation. Additional new customers are expected. Upon securing a major contract for the development of additional health and property insurance industry products for adesso insurance solutions, adesso is on its way to becoming a leading provider of insurance solutions in Germany. Once complete, these systems will offer significant potential from projects for their implementation at additional customers. An independent unit is being formed in 2016 through the planned merger of PSLife GmbH with adesso insurance solutions GmbH, by adding personnel for the management of the company and by moving numerous experienced adesso Group employees to this company. In 2015, adesso also established the Automotive and Transportation line of business. Existing business with well-known customers in this area is being consolidated and developed into an independent adesso portfolio in a targeted manner. Automotive manufacturers are investing significantly higher amounts in digitisation, in vehicles, in customer communications and for internal processes. Accelerated development of the Automotive and Transportation business lines offers additional growth opportunities, also in subsequent years.

The decision to acquire the remaining 49 % of Arithnea GmbH and the convergence of all adesso Group employees in the areas of digital agency, e-commerce and content management projects implemented at the beginning of 2016 forms one of the largest providers in the German-speaking region, with excellent positioning to meet customer challenges in the field of digitalisation. New oppor-

tunities for the acquisition of large transformation projects arise through the interplay with in-depth knowledge of the core business processes and the significant position of adesso mobile solutions.

In Switzerland, adesso has become one of the leading IT consulting and custom software development providers through the acquisition and merger of the former Born Informatik AG, Bern. This results in the opportunity to develop additional strategic customer relationships of larger magnitudes.

The increase in the number of employees during the year, in particular for adesso in Germany, once again, offers opportunities for significantly faster growth in 2016, well above the market.

The first projects with customers from Germany in the hybrid nearshore segment in Turkey are promising. Sales are being expanded further and will be established in Switzerland, as well. The nearshore capacities in Istanbul now allow adesso to acquire certain cost-sensitive project types and, therefore, access an additional customer segment.

Even after the larger company takeover in Switzerland during 2015, adesso considers itself an active consolidator in the IT market. Possible M&A transactions offer additional growth opportunities.

Forecast, Opportunities and
Risk Reports
Control System and
Risk Management System

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM FOR THE CONSOLIDATED ACCOUNTING PROCESS

In the accounting process, there is a risk that the financial reports based on the accounts could contain misrepresentations of facts that could have a significant influence on decisions made by the intended recipients of the reports. These can include the misallocation of resources and non-performance of certain measures by the management in terms of the internal operational management of the company and its subsidiaries, as well as misinterpretation on the part of report recipients, and particularly existing and potential shareholders. The processes and systems established at adesso are geared toward identifying potential sources of errors in the accounting process and thus limiting the resulting risks. They are intended to ensure that the annual report and consolidated financial statements are prepared in accordance with legal requirements. The report is standardised and identical in form for both the management report of the annual financial statement as well as for the group management report of adesso AG.

At adesso, no control and risk management system was defined and documented especially for the purposes of the accounting process. There is no internal auditing structure or risk committee. No external advisors or auditors were engaged to review the efficiency of the controls in place as part of the consolidated accounting process. The structure of the internal control mechanisms and risk management system is the result of how the accounting and reporting processes are organised. The majority of the accounting is carried out decentrally by each of the companies within adesso Group. As the parent company, adesso AG performs accounting services for some adesso Group companies together with centralised administrative processes such as payroll accounting. These companies' accounts are primarily

kept on the same accounting system as clients. The fact that the same people are responsible for this process throughout the Group and that the adesso AG CFO has ongoing, direct access provides a good basis for the standardised, correct representation of facts. Almost all companies use a standardised consolidated accounts system, minimising the number of discrepancies from the standard style of accounts. The detailed coverage of Group accounts means that it is simple to coordinate internal Group performance processes. The respective management teams are responsible for individual financial statements. Each financial statement that forms part of the consolidated financial statement is reviewed by the group auditor in terms of its plausibility and compliance with group standards, irrespective of any audits performed by the local auditor or tax consultant. For this purpose, the auditor of the consolidated financial statements visits the respective local auditor and inspects the documentation of key group companies.

All individual financial statements are submitted to a centralised consolidation system in adesso AG's Finance department and consolidated into the consolidated financial statement in accordance with the IFRS reconciliation statement. The software solution specially procured for this purpose was audited and certified in accordance with the "Erteilung und Verwendung von Softwarebescheinigungen" auditing standards ("Issuance and Use of Software Certificates") published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW PS 880). All IFRS reconciliation and consolidation processes are fully documented and traceable.

The core elements of the control and risk management system when it comes to accounting is the monthly, standardised reporting of full monthly financial statements on the basis of the consolidated accounts system, the comparison of actual data with plan data and the update to the full-year forecast. A member of the adesso AG Executive Board is directly responsible for every company in adesso Group. These Executive Board members discuss monthly financial statements with the respective company management and are thus able to identify abnormal developments and discrepancies in a timely manner. The monthly

financial statements of all companies are analysed monthly by the adesso AG Executive Board. For the quarterly financial statements, each company must prepare an extensive IFRS package containing information for consolidation and details of the notes. This allows the Finance department of adesso AG to carry out a further audit of all information intended for external reporting during the financial year. The auditor of the consolidated financial statement is referred to for selected issues.

TAKEOVER-RELEVANT INFORMATION

adesso reports in accordance with the specification taken from the Übernahmerrichtlinie-Umsetzungsgesetz (ÜbernRLUG – German act on the implementation of EU directive on takeover bids) and assumed in Section 315 (4) HGB and Section 289 (4) HGB with the aim of providing potential takeover bidders with a complete overview of adesso as well as any potential takeover hurdles before they submit an offer.

There is only one type of share. Each common share grants one vote. adesso shares do not have restricted transferability. The Executive Board is authorised to increase the share capital until 3 June 2018 with the consent of the Supervisory Board in the amount of up to EUR 2,873,858 by issuing 2,873,858 new bearer shares, on one or more occasions, in exchange for cash contributions and/or contributions in kind. Shareholders' subscription rights can be excluded for contributions in kind in the form of companies, parts of companies and investments in companies, licence rights or receivables as well as capital increases for cash which are smaller than 10% of the share capital.

The Executive Board is authorised to acquire own shares of up to 10% of the share capital with the consent of the Supervisory Board until 1 June 2020. This authorisation for the acquisition and utilisation of own shares can be exercised one or more times, at once or in several partial amounts, or for one or more purposes. When own shares

are acquired through the stock exchange, the consideration paid per share is not permitted to exceed the opening price on the acquisition date by more than 10% nor fall more than 20% below it. In case of acquisition through a public offer to buy, the offered purchase price or the limits of the purchase price range offered per share may not be more than 20% higher or lower than the average values of the closing auction prices during the last three trading days in Frankfurt am Main prior to the day the offer is publicly announced. The own shares can be utilised by the Executive Board within the scope of stock option plans, sold to third parties with the consent of the Supervisory Board for cash or contributions in kind, especially in the context of company mergers or the acquisition of companies, offered to employees or managers, either to buy or as compensation elements, or also surrendered or withdrawn without consideration. As of the reporting date, adesso AG itself held none of its own shares. In addition, we are not aware of any other restrictions with regard to voting rights. In principle, there are no restrictions in respect of the transfer of adesso shares. As of 31 December 2015, no adesso shares were subject to a lock-up agreement. We are not aware of any further restrictions that could arise from agreements between shareholders. Further information on equity and the company's capital measures can be found in the equity section of the notes.

As of 31 December 2015, founding shareholder and Supervisory Board Chairperson Prof. Dr. Volker Gruhn held 29.7% of share capital through a company he controls. Rainer Rudolf, founding shareholder, member of the Supervisory Board and member of the Executive Board until 30 September 2011, held 18.8% of share capital as of 31 December 2015. As of his most recent voting rights announcement, Ludwig Fresenius held 10.1% of share capital. Please refer to the notes to the consolidated financial statements for more information on the company's ownership structure. We are not aware of any other direct or indirect share capital participations which exceed 10% of voting rights. As the shares in the company are bearer shares, the company is in principle only notified of changes to share ownership insofar as the changes of ownership are subject to notification obligations and the respective parties fulfil these obligations. The company is only made aware of transactions that

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are completed within minimum and maximum notification thresholds in exceptional cases. Voting rights announcements, and the shareholder structure derived as a result, are always kept up to date and can be accessed via the Investor Relations section of the website, www.adesso-group.de.

The Articles of Association do not permit any adesso shareholder to appoint members of the Supervisory Board. No shareholder possesses any other special rights that confer them powers of control. There are no restrictions to the voting rights of the adesso shares held by our employees.

Members of the Executive Board are appointed or dismissed in accordance with Sections 84 and 85 AktG. The Executive Board consists of at least one person in accordance with Article 6 of the Articles of Association. The Supervisory Board determines the number of Executive Board members, as well as the appointment and dismissal of members and the appointment of a member of the Executive Board as CEO. Changes to our Articles of Association are carried out in accordance with Sections 133 and 179 AktG by means of a resolution by the General Meeting passed with a majority of at least three-quarters of the share capital represented at said meeting. The Articles of Association do not contain any derogative provision. The Supervisory Board is entitled to resolve changes to the wording of the Articles of Association (Article 10 (7) of the Articles of Association). The resolutions of the General Meeting are decided on the basis of a simple majority of submitted votes, unless a different voting system is stipulated by law (Article 15 of the Articles of Association).

The company is not part of any material agreement containing special provisions in the event of a change of control or acquisition of control, such as in the event of a takeover bid. Our Articles of Association do not contain any provisions which grant the Executive Board special powers in the event of a takeover bid. Agreements concerning the phantom share plan stipulate a shorter waiting period of phantom shareholders in the event of a change of control. Moreover, there are no agreements with members of the Executive Board or the Supervisory Board or any employees concerning compensation in the event of a change of control.

DECLARATION OF CONFORMITY (SECTION 289 A HGB) AND CORPORATE GOVERNANCE REPORT

In accordance with Section 3.10 of the German Corporate Governance Code, the Executive Board and Supervisory Board of adesso AG report on an annual basis regarding the corporate governance of the company and publish this report in conjunction with the Declaration of Conformity in accordance with Section 289a HGB. The report and declaration including the compliance statement are available online at www.adesso-group.de (Investor Relations > Group > Corporate Governance).

REMUNERATION REPORT

Principles of the Remuneration System

At adesso, variable remuneration systems are in place throughout the group for a variety of functions. Management remuneration is primarily geared toward the success of the company and industry standards. In addition to fixed remuneration, the adesso AG Executive Board is compensated depending on the amount of operating earnings (in reference to EBITDA), as well as earnings per share at the Group level, constituting performance-based remuneration. Part of the Executive Board's variable remuneration is share-based in the form of stock options and virtual stock options, and phantom shares granted to some members. The Executive Board participated in the company-wide stock option scheme open to many employees and which expired at the end of 2013. This was replaced by a model of virtual stock options for the Executive Board. Since this model has expired, no new virtual stock options are being issued. The members of the Supervisory Board are reimbursed for their expenses and also receive annual remuneration.

Executive Board Remuneration

Basic remuneration is paid as a monthly salary and is performance related. An increase in salary of 1 % p.a. was contractually agreed with members of the Executive Board. Negotiations for salary adjustments are conducted when inflation exceeds 3 %. All members of the Executive Board also receive payments in kind and other remuneration, including the use of a company car, the reimbursement of travel expenses, coverage of direct insurance premiums, a personal pension and reimbursement of half the documented premiums for voluntary health and nursing care insurance.

Variable, Performance-based Remuneration

The variable remuneration model for members of the Executive Board was developed further and now applies to all Executive Board members. The model is based directly on the relevant metrics of EBITDA and earnings per share (EPS), which are reported to adesso AG shareholders in the consolidated financial statements according to IFRS. Variable remuneration increases with rising EBITDA and EPS. From a watershed, the increase is limited to EUR 60 thousand for the EBITDA value and EUR 90 thousand for the EPS value. One of two different variants, which are differentiated by the rate of increase and watershed, can be selected each year.

Long-term remuneration

A phantom share programme for certain members of the Executive Board and employees at the first management level of adesso AG was approved by the Supervisory Board in financial year 2009. It was intended to help bind managers to the company in the long term. The phantom shares participate in dividends just like actual shares but the payments are included in salaries. After being with the company for a term of five to eight years, the holders of phantom shares have a right to receive the value represented at the time by the number of phantom shares and the underlying share price. Payment is included in salaries. The members of the Executive Board obtained additional rights from these phantom shares in 2015. In case a board member leaves the Executive Board, the following has been established with regard to the phantom share programme: If a board member leaves before the end of three years from the start of the programme (for one board member, three years and eight months) due

to termination of contract, the board member only has to return the shares in exchange for compensation in case of a change of control. This is the case if shareholders Rainer Rudolf and Prof. Dr. Volker Gruhn (or companies through which they hold their shares) hold less than 35 % of the company's share capital through the sum of their shares. If a board member leaves after at least three years (for one board member, three years and eight months) because the Supervisory Board dismisses the member, or due to the termination of their contract, or if the company fails to make a contract renewal offer at terms and conditions at least equivalent to those of the current contract, the board member has to return the shares. Compensation is 75 % of the applicable value. If a board member leaves after at least eight years (for one board member, six years and eight months), the shares have to be returned in exchange for compensation.

The share option programme of adesso AG duly expired on 31 December 2013. In view of the granted stock options, the Executive Board received virtual stock options for financial year 2014. The aim of the virtual stock options was that they are financially equal to option rights when post-tax income is used for subscribing the virtual stock options in order to buy adesso AG shares on the market. The same conditions apply to virtual stock options as for stock options granted by the programme expiring on 31 December 2013. The number of virtual stock options issued to the Executive Board depends on the variable performance-based remuneration component, which means it is also performance-based. The virtual stock options only result in cash value compensation if the exercise criteria are met after the end of the minimum holding period. 140 virtual stock options are granted for each EUR 1,000 paid as the performance-based variable remuneration component 1 for a year. The virtual stock options remain valid even if a board member leaves before exercising the virtual stock options. Due to the further development of the variable remuneration model based on EBITDA and earnings per share, the virtual stock options program was terminated, as well. This means the members of the Executive Board did not earn any new claims under this program for 2015.

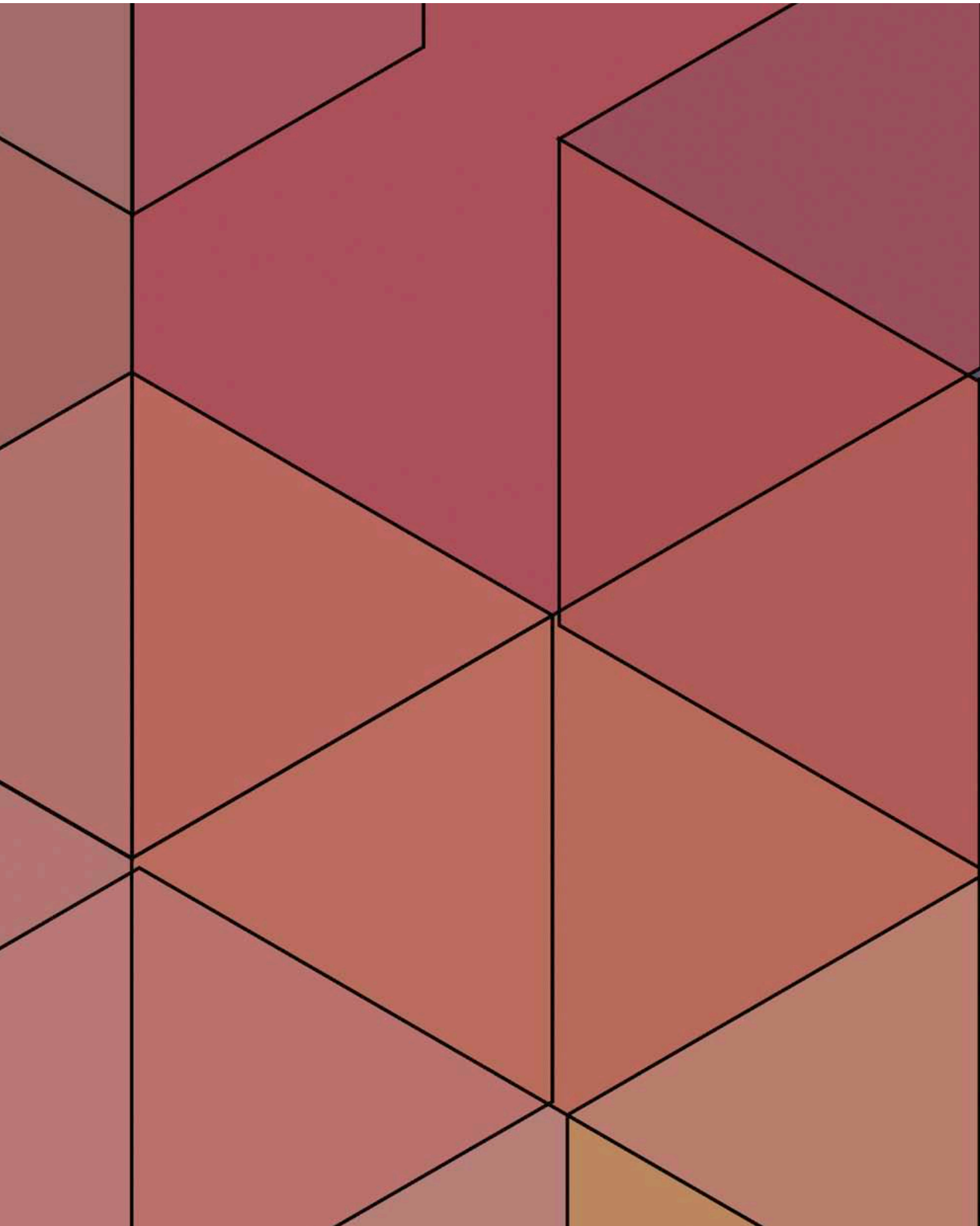
Former members of the Executive Board who have left the company do not receive any remuneration and were not granted any pension commitments. No loans or advances were granted to members of the Executive Board. A former member of the Executive Board has continued to work in the company as a manager since 1 July 2015 at adapted terms without Executive Board membership.

Supervisory Board Remuneration

According to Section 11 of the bylaws, the members of the Supervisory Board are reimbursed for their expenses and also receive annual remuneration. This consists of a fixed component of EUR 5 thousand, plus variable remuneration at a rate of 0.275 % of the company's balance sheet profit, reduced by 4 % of contributions to share capital. The Chairperson receives one and a half times this remuneration. Supervisory Board members who have not held their position for a full financial year receive remuneration according to their term in office. The chairperson of the Supervisory Board receives additional remuneration under a consulting and brokerage agreement.

adesso AG has neither granted loans or advances to members of the Supervisory Board nor issued bonds or guarantees on their behalf. There are no family ties between members of the Supervisory Board, nor between members of the Supervisory Board and the Executive Board. There are no service agreements between the Supervisory Board members and adesso or its subsidiaries that call for remuneration upon termination.

For further information regarding Supervisory Board and Executive Board remuneration, including detailed tables regarding individual remuneration of Supervisory Board and Executive Board members, information pursuant to Section 314 (1) No. 6 HGB and further information pursuant to the German Corporate Governance Code, refer to the consolidated notes.



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CONSOLIDATED BALANCE SHEET

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

ASSETS

<i>in EUR k</i>	<i>Notes</i>	<i>2015</i>	<i>2014</i>
CURRENT ASSETS			
Cash on hand and at bank	1.	28,162	23,724
Trade accounts receivable	2.	37,215	29,958
Receivables PoC	3.	9,515	4,697
Receivables from income taxes	10.	216	301
Financial assets	4.	257	128
Other assets	5.	3,291	1,981
		78,656	60,789
NON-CURRENT ASSETS			
Goodwill	6.	23,352	12,992
Intangible assets	6.	10,230	1,068
Property, plant and equipment	7.	5,293	4,938
Shareholdings recognized under the equity method	8.	535	222
Financial assets	9.	566	400
Receivables from income taxes	10.	13	25
Deferred taxes	10.	1,522	3,596
		41,511	23,241
TOTAL ASSETS		120,167	84,030

Consolidated Balance Sheet

EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>Notes</i>	<i>2015</i>	<i>2014</i>
CURRENT LIABILITIES			
Financial liabilities	11.	4,212	1,583
Trade accounts payable	12.	9,411	8,098
Liabilities PoC	12.	6,968	2,957
Liabilities from income taxes	10.	1,327	888
Provisions	13.	4,083	3,136
Other current liabilities	14.	29,539	21,547
		55,540	38,209
NON-CURRENT LIABILITIES			
Financial liabilities	11.	17,534	4,141
Pensions and similar liabilities	15.	177	761
Provisions	13.	3,320	1,627
Other non-current liabilities	14.	97	177
Deferred tax liabilities	10.	1,024	367
		22,152	7,073
EQUITY			
	16.		
Subscribed capital		5,800	5,794
Capital reserve		10,619	10,582
Other retained earnings		18,915	16,801
Reserve for currency conversion		690	458
Consolidated earnings		5,312	3,995
Minority interest		1,139	1,118
		42,475	38,748
TOTAL EQUITY AND LIABILITIES		120,167	84,030

CONSOLIDATED INCOME STATEMENT

OF ADESSO GROUP FROM 1 JANUARY TO 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	<i>Notes</i>	<i>2015</i>	<i>2014</i>
Sales revenues	17.	196,449	156,915
Other operating income	18.	1,862	2,069
Own work capitalised		165	274
TOTAL INCOME		198,476	159,258
Costs of material	19.	-22,975	-18,980
Personnel costs	20.	-125,144	-98,903
Other operating expenses	21.	-36,074	-31,597
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)		14,283	9,778
Depreciation on property, plant and equipment	22.	-4,877	-2,208
Amortisation of goodwill	22.	0	-199
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		9,406	7,371
Income from investments	23.	309	24
Interest income and similar income	23.	51	67
Interest expenses and similar expenses	23.	-291	-174
INCOME FROM ORDINARY ACTIVITIES (EBT)		9,475	7,288
Income taxes	24.	-4,163	-3,293
CONSOLIDATED EARNINGS		5,312	3,995
of which attributable to minority interests		565	589
of which attributable to shareholders of adesso AG		4,747	3,406
Number of shares at the end of the financial year		5,799,720	5,793,720
DILUTED AND UNDILUTED EARNINGS PER SHARE (IN EUR)	25.	0.82	0.59

CONS. STATEMENT OF COMPREHENSIVE INCOME

OF ADESSO GROUP FROM 1 JANUARY TO 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	<i>2015</i>	<i>2014</i>
Consolidated earnings	5,312	3,995
ITEMS NOT SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT		
Actuarial gains and losses	260	-57
Deferred taxes on actuarial gains and losses	-84	18
ITEMS SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT		
Measurement of financial instruments		
Changes not affecting income	0	-1
Changes affecting income	0	1
Deferred taxes	0	2
Currency translation differences	232	6
TOTAL OTHER COMPREHENSIVE INCOME	408	-33
TOTAL INCOME	5,720	3,962
of which attributable to shareholders of the parent company	5,135	3,378
of which attributable to other shareholders	585	584

Consolidated Income Statement
 Cons. Statement of Comprehensive Income
 Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT

OF ADESSO GROUP FROM 1 JANUARY TO 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	2015	2014
EARNINGS BEFORE TAX	9,475	7,288
Income from financing activities	240	107
Depreciation and amortization on property, plant and equipment and intangible assets	4,877	2,407
Result from shareholdings recognized under the equity method	-309	-24
Non-cash income/expenses	52	-9
Change in pension provisions	-325	13
Change in other provisions	2,431	722
Tax payments	-2,267	-1,094
Change to net operating assets	2,703	-162
CASH FLOW FROM OPERATING ACTIVITIES	16,877	9,248
Divestments from property, plant and equipment	0	44
Change in cash and cash equivalents from initial or deconsolidation	-16,643	25
Payments for investments in property, plant and equipment	-2,076	-4,642
Payments for investments in intangible assets	-7,933	-715
Payments for investments in financial assets	-226	-120
CASH FLOW FROM INVESTMENT ACTIVITIES	-26,878	-5,408
Dividend payments	-2,070	-1,466
Dividends from equity companies	28	0
Capital increase	40	193
Payments from minority interests	34	0
New liabilities to banks	18,379	2,207
Repayment of financial liabilities	-2,199	-2,601
Interest paid	-163	-112
Interest received	32	44
CASH FLOW FROM FINANCING ACTIVITIES	14,081	-1,735
Currency differences	358	-25
CHANGE IN CASH AND CASH EQUIVALENTS	4,438	2,080
Cash and cash equivalents at the beginning of the period	23,724	21,644
Cash and cash equivalents at the end of the period	28,162	23,724

CONSOLIDATED SHAREHOLDERS EQUITY STATEMENT

OF ADESSO GROUP AS OF 31 DECEMBER 2015 ACCORDING TO IFRS

<i>in EUR k</i>	<i>Share capital</i>	<i>Capital reserves</i>
01 JANUARY 2014	5,763	10,406
Share-based compensation	0	14
Increase in share capital by exercises of stock options	31	162
Effects from the acquisition of additional shareholdings in subsidiaries	0	0
Other results at the end of the financial year	0	0
Consolidated result	0	0
Total	0	0
Dividend payment	0	0
31 DECEMBER 2014	5,794	10,582
Share-based compensation	0	3
Effects from first-time consolidated subsidiaries	0	0
Increase in share capital by exercises of stock options	6	34
Other results at the end of the financial year	0	0
Consolidated result	0	0
Total	0	0
Dividend payment*	0	0
31 DECEMBER 2015	5,800	10,619

* Dividend payment of EUR 1,448 thousand corresponds to EUR 0.25 per share

Cons. Shareholders Equity Statement

Other comprehensive results
of the financial period

	<i>Currency translation differences</i>	<i>Derivatives</i>	<i>Retained earnings/ Balance Sheet Profit</i>	<i>Equity of adesso AG shareholders</i>	<i>Other shareholders</i>	<i>Total Equity</i>
	452	-1	18,045	34,665	1,379	36,044
	0	0	0	14	0	14
	0	0	0	193	0	193
	0	0	0	0	0	0
	6	1	-35	-28	-5	-33
	0	0	3,406	3,406	589	3,995
	6	1	3,372	3,379	584	3,963
	0	0	-1,210	-1,210	-256	-1,466
	458	0	20,207	37,041	1,707	38,748
	0	0	0	3	0	3
	0	0	0	0	34	34
	0	0	0	40	0	40
	232	0	156	388	20	408
	0	0	4,747	4,747	565	5,312
	232	0	4,903	5,135	585	5,720
	0	0	-1,448	-1,448	-622	-2,070
	690	0	23,662	40,771	1,704	42,475

CONSOLIDATED NOTES

FOR FINANCIAL YEAR 2015

I. General Information

The adesso Group (hereinafter referred to as adesso) is an IT service provider independent of manufacturers focusing on Consulting and software development. On behalf of its customers, adesso provides optimised core business process design and support through the use of information technology.

adesso AG is a corporation under German law. Its registered office is in Dortmund in the Federal Republic of Germany. The address is: adesso AG, Stockholmer Allee 20, 44269 Dortmund, Germany. The commercial register is likewise located in Dortmund (HRB 20663).

II. Summary of Material Accounting Principles

The consolidated financial statements were prepared by adesso AG according to the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), applicable as of 31 December 2015 and adopted by the EU, as well as the supplementary regulations according to Section 315a (1) of the German Commercial Code (HGB). All requirements of the applied standards and interpretations were met by adesso.

The consolidated financial statements as of 31/12/2015 are denominated in euros. They were prepared according to the historical cost principle unless other valuation methods are required by IFRS. Uniform accounting methods based on IFRS were applied to the assets and liabilities of the companies included in the consolidated financial statements. The individual financial statements of the companies included in the consolidated financial statements are issued for the reporting date of the consolidated financial statements.

Assets and liabilities are classified in the consolidated balance sheet as current or non-current items according to their maturities. In principle, assets and liabilities are classified as current insofar as they are realised or mature within the normal business cycle or within 12 months after the end of the reporting period. The consolidated income statement is structured according to the total cost format. The accounting methods are used consistently for all periods unless otherwise specified.

All amounts are in EUR thousand (EUR k) unless otherwise specified. Some amounts may not add up to the disclosed sums as a result of rounding. Some immaterial amounts related to the previous year were reallocated.

The declaration on the German Corporate Governance Code required, pursuant to Section 161 of the German Stock Corporation Act (AktG), has been issued and was made permanently available to the shareholders at www.adesso-group.de.

The consolidated financial statements were approved by the Supervisory Board on 17 March 2016 and released for publication by the Executive Board.

Financial Reporting Standards that were Approved but not yet Applied

The International Accounting Standards Board (IASB) has approved standards, amendments to standards and interpretations with mandatory application for financial years beginning after 1 January 2015. Application of the following regulations is not yet mandatory, and they have not been applied by adesso.

- > In January 2016, the IASB approved IFRS 16 (Leases). The standard establishes principles for the recognition, measurement, presentation and disclosure of leases. According to the new standard, all leases generally have to be included on the balance sheet of the lessee by recognising a right of use asset and the corresponding liability. Deviations are only permitted if the lease term is twelve months or less or the underlying asset has a low value, in which case the cost of the lease can generally be written off on a straight-line basis over the lease term. The lessor largely continues to classify leases as operating or finance leases. This standard has not yet been adopted by the EU. The effects on adesso are currently being reviewed.
- > In December 2014, the IASB approved clarifications to the provisions of IAS 1 under the title “Disclosure Initiative”. These clarifications comprise, among other things, an examination of the materiality of the disclosures in the financial statements, the presentation of additional items in the financial statements and the structure of notes, as well as the presentation of material financial reporting standards. The regulations are applicable for financial years beginning on or after 1 January 2016 and have been adopted by the EU. The impact on the financial statements of adesso is currently being examined.
- > In July 2014, the IASB approved the final version of IFRS 9 (Financial Instruments). The standard replaces the provisions of IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 includes uniform provisions for the classification of financial assets, provisions on the impairment of financial assets, as well as hedge accounting provisions. IFRS 9 applies to financial years beginning on or after 1 January 2018. IFRS 9 has not been adopted by the EU. The impact on the financial statements of adesso is currently being examined.
- > In May 2014, the IASB approved IFRS 15 (Revenue from Contracts with Customers). IFRS 15 provides a uniform framework for all questions relating to revenue from contracts with customers. The provisions included in IFRS 15 are to be applied uniformly for various transactions and across all industries. This does not apply to contracts that fall within the scope of IAS 17 (Leases), IFRS 4 (Insurance Contracts) and IFRS 9 (Financial Instruments). The standard, which has not been approved by the EU, now applies to financial years beginning on or after 1 January 2017 since the IASB delayed the date of initial application. The impact on the financial statements of adesso is currently being examined.

Company acquisitions

On 1 July 2015, adesso acquired 100% of the shares in Born Informatik AG, Bern, Switzerland, which holds 100% of the shares in nhs Informatik GmbH, Bern, Switzerland. With an additional 124 employees and their expertise in the fields of software development and system integration, adesso is accelerating its growth and strengthening its position as a leading IT service provider in Switzerland. Born Informatik AG was merged with adesso Schweiz AG after the takeover.

The acquisition cost of EUR 17,691 thousand measured as of 1 July 2015 is comprised of a cash payment of EUR 17,405 thousand and a conditional purchase price obligation of EUR 287 thousand.

Payment of the conditional purchase price obligation was dependent on the gross profit of Born Informatik AG for financial year 2015. As of 1 July 2015, the conditional purchase price obligation was valued at EUR 287 thousand. It was determined on the basis of Born Informatik AG's operational business planning. A lower value was not considered possible as of 1 July 2015. Since the business development of Born Informatik AG in financial year 2015 was positive, as expected, the projected amount is payable.

The fair value of the receivables resulting from supplies and services acquired was EUR 5,339 thousand. This amount also corresponds to the contractual cash flows and the fair value of the receivables. Ancillary acquisition costs totalled EUR 26 thousand. They are reported under “Other operating expenses” in the income statement.

Goodwill resulting from the merger mainly represents the workforce of Born Informatik AG. According to IFRS, this amount cannot be capitalised as an asset.

The Group obtained the following assets and liabilities in the course of the merger:

<i>Amounts in EUR k</i>	<i>Born Group</i>
Goodwill	10,839
Customer lists	2,627
Orders	1,696
Other long-term assets	134
Trade accounts receivable	5,339
Other current receivables	1,478
Cash and cash equivalents	835
TOTAL ASSETS	22,948
Non-current provisions	43
Other non-current liabilities	208
Current provisions	33
Trade accounts payable	750
Tax liabilities	354
Other liabilities	2,941
Deferred tax liabilities	928
TOTAL LIABILITIES	5,257
Net assets	17,691
Consideration	17,691
Cash and cash equivalents received	835
Actual cash outflow for acquisition	16,643

The sales revenues of the Born Group included in adesso's consolidated financial statements are EUR 11,487 thousand. Disclosing the net income for the year for the Born Group included in consolidated earnings is not possible, since the accounting records of the companies were combined after the merger of Born Informatik AG with adesso Schweiz AG and a detailed allocation of numerous profit contributions to Born Informatik AG is not feasible.

If the Born Group had already been consolidated as at 1 January 2015, consolidated sales revenues of the adesso Group would be EUR 209,216 thousand and net consolidated profit for the period would be EUR 6,120 thousand.

Consolidation

(a) Subsidiaries

Subsidiaries are companies controlled by adesso. adesso is deemed to have control over a company if adesso has power over this company, is exposed to variable returns and/or rights to the same and can use its power over the company to influence the returns. adesso has power over a company if existing rights mean that adesso has the ability to direct the relevant activities. Relevant activities are activities that significantly affect the company's returns. Potential voting rights from options or convertible bonds are to be taken into account.

Subsidiaries are fully consolidated from the date on which adesso obtains controls. This means that assets, liabilities, income and expenses are to be allocated to the Group from this date. Subsidiaries are deconsolidated as soon as the company is no longer controlled by adesso.

Pursuant to IFRS 3, mergers are reported using the acquisition method. The consideration for the acquired shares is comprised of the fair values of the assets acquired, the liabilities assumed as well as the equity instruments issued. Any agreed conditional consideration is also to be taken into account at fair value. Pursuant to IAS 39, assets and liabilities from conditional consideration are measured at fair value; income and expenses are recognised either in the consolidated income statement or in other comprehensive income. Current changes in value are not recognised if conditional consideration is classified as equity. Differences are recognised in equity when paying the contingent consideration. Shares previously held by a subsidiary (successive share purchase) are measured at fair value. The resulting income and expenses are recognised in the consolidated income statement. The cost of business combinations is recognised directly in the consolidated income statement. Pre-existing relationships (such as from obligations) at the time of obtaining control have to be eliminated prior to consolidation. Resulting profit contributions are recognised directly in the consolidated income statement.

The acquired assets and liabilities have to be recognised insofar as they meet the definition of an asset or a liability. In general, the acquired assets and liabilities are recognised at fair value. Non-controlling interests can be valued according to the pro-rata net assets measured pursuant to IFRS 3 or at fair value. The latter option also includes the recognition of goodwill for the non-controlling interest. adesso values non-controlling interests according to the pro-rata net assets measured pursuant to IFRS 3. The goodwill allocated to the shareholders of the parent company generally corresponds to the difference between the value of consideration given in exchange for control and the pro-rata assets acquired, measured according to IFRS 3.

Insofar as the identification and measurement of the acquired assets and liabilities and/or the determination of the consideration given has not been completed on the reporting date following the merger, preliminary reporting of the merger in the financial statements is required. Reporting for the merger has to be concluded within twelve months from the merger date (measurement period).

Intra-group relationships between the consolidated companies are eliminated. As part of the consolidation of investments in subsidiaries, participations in subsidiaries are offset against the acquired pro-rata equity of the respective subsidiary allocated to adesso. Obligations between the companies included in the consolidated financial statements are eliminated in the course of debt consolidation. Intercompany profit and loss from intragroup transactions included in the assets and liabilities is eliminated as part of the elimination of unrealised profits; income and expenses are eliminated in the course of income and expense consolidation.

Changes in the participation percentage of a subsidiary that do not result in a loss of control are reported as equity transactions. Differences between the fair value of consideration and the pro-rata equity are reported in capital reserves.

A company is deconsolidated if adesso can no longer exercise control. The assets and liabilities as well as the income and expenses are no longer allocated to adesso from the date on which adesso can no longer exercise control over the company. Any share in the former subsidiary remaining with adesso is measured at fair value. The difference between the net assets attributable to the remaining share at the date of deconsolidation and the fair value of the share is reported in the consolidated income statement.

adesso holds the majority of the voting rights in all subsidiaries. This enables adesso to direct the relevant activities of the subsidiaries.

The number of fully consolidated companies increased from 18 in the previous year to 22.

For the listing of companies included in the consolidated financial statements, please refer to the list of shareholdings according to Section 313 (2) HGB under “Affiliated Companies of the adesso Group” and “Investments”.

Non-controlling interests are primarily accounted for by Arithnea GmbH, Neubiberg, Germany. adesso holds 51 % of the shares in the company; other shareholders hold 49 % of the shares. Profits allocated to non-controlling shareholders totalled EUR 322 thousand for 2015 (previous year: EUR 694 thousand). Overall, the non-controlling interests in Arithnea are valued at EUR 1,144 thousand in the consolidated financial statements as of 31 December 2015 (previous year: EUR 1,325 thousand). Dividends of EUR 502 thousand (previous year: EUR 233 thousand) were paid out to the non-controlling shareholders in financial year 2015.

The following table includes the financial information relevant to Arithnea GmbH. The information is based on the financial statements adjusted for IFRS, including the hidden reserves before consolidation measures realised at the time of first-time consolidation:

<i>Arithnea GmbH – amounts in EUR k</i>	2015	2014
Non-current assets	517	710
Current assets	5,075	6,114
Non-current liabilities	121	208
Current liabilities	2,341	3,117
Sales revenues	16,040	16,953
Profit/loss	827	1,417
Change in cash	-705	-454

The Supervisory Board of adesso AG agreed to the conclusion of a purchase and contribution agreement for the full takeover of Arithnea GmbH on 16 November 2015. The purchase agreement was signed on 19 November 2015 and takes economic effect on 1 January 2016. With the pending implementation, adesso's share increases from 51 % to 100 %. Initially, the profits of Arithnea GmbH generated up to 31 December 2015 that have not been distributed yet will be paid out to the non-controlling shareholders on a pro-rata basis in the amount of EUR 1,476 thousand. Subsequently, adesso is acquiring the remaining 49 % of the shares for a purchase price of EUR 5,157 thousand. The purchase price breaks down into a fixed payment of EUR 4,059 thousand, a conditional purchase price obligation of EUR 211 thousand and shares to be issued at a value of EUR 886 thousand.

(b) Joint Arrangements and Associates

Pursuant to IFRS 11, joint arrangements are classified as joint operations or joint ventures. Joint operations are joint arrangements where the parties have rights to the assets and liabilities relating to the joint arrangements. In the case of joint ventures, the joint operations have rights to the net assets included in the arrangement. In the case of joint operations, the joint operator accounts for the assets and liabilities, including its share of those held jointly, its income and its share of the joint income of the arrangement, as well as its expenses, including its share of any expenses incurred jointly. On the other hand, pursuant to IFRS 11, interests in joint ventures are consolidated using the equity method described in IAS 28.

A company is considered to be an associate of adesso if adesso has significant influence over the company, does not control the company and does not control the company together with another. Significant influence is assumed when adesso holds 20 % to 50 % of the shares in a company. Like joint ventures, associates are consolidated using the equity method.

According to the equity method, the interests are recognised at cost when they are recognised. If, at the time that the company is consolidated using the equity method for the first time, the cost exceeds the pro-rata fair value of the net assets of the joint venture, the share must include fair value. An amount equal to the difference is to be recognised if the reverse is true. The results are therefore to be recognised pro rata by the companies involved.

The profits and losses of the joint venture are recognised pro-rata in the consolidated income statement, while other comprehensive income of the joint venture is to be recognised pro-rata in other comprehensive income; in both cases, an adjustment is to be made to the carrying amount of the shares. Dividend payments by the joint venture reduce the carrying amount of the shares without affecting profit or loss. The losses that exceed net investments will not be recognised so long as the pro-rata losses recognised exceed net investment in the joint venture (shares plus non-current receivables, for example). The negative equity value is amortised by means of a separate calculation, and included in the consolidated balance sheet once it is positive again.

If shares in the joint venture are sold and it continues to be consolidated using the equity method, the amounts recognised in other comprehensive income are reported pro-rata in the consolidated income statement, provided that this would also be the case with the disposal of the corresponding assets and/or liabilities.

Pursuant to IAS 39, adesso conducts a check on each balance sheet date to determine whether there is any objective evidence that the carrying amount of the net investments are impaired. The impairment test is then conducted pursuant to the provisions of IAS 36. An impairment loss is to be recognised in the amount of the difference between the recoverable amount of the net investment in the joint venture and the carrying amount of the net investment. As the impairment relates to the entire carrying amount and not the carrying amount of the individual assets included in the carrying amount, a reversal of impairment losses pursuant to IAS 36 may have to be recognised in the future.

Intercompany profit and loss from upstream and downstream transactions are eliminated on a pro-rata basis.

adesso does not hold any shares in joint ventures as of 31 December 2015. In financial year 2015, adesso acquired an additional 50 % of the shares in the former joint venture PSLife for EUR 5.3 million. Since no business operation was acquired with the purchase of the shares, the transaction was recognised as the purchase of assets and liabilities. The software of PSLife was the sole material asset acquired. It was recognised at the acquisition cost of EUR 5.1 million.

adesso holds shares in two immaterial associates in the following amounts:

- > Barmenia IT+ GmbH, Wuppertal, Germany; 24 % of the shares.
- > com2m GmbH, Dortmund, Germany; 24.9 % of the shares.

The share in the earnings of Barmenia IT+ GmbH allocated to adesso is 90 %. As of 31 December 2015, the carrying amount of the shares in associates consolidated using the equity method amounted to EUR 613 thousand (previous year: EUR 149 thousand). The profit of associates allocated to adesso for financial year 2015 is EUR 309 thousand (previous year: EUR 28 thousand).

(c) Translation into a Foreign Currency

Each of the companies included in the consolidated financial statements prepares its separate financial statements in their respective functional currency. The functional currency of a company corresponds to the currency of the primary economic environment in which the company operates. This functional currency for the companies included in the adesso consolidated financial statements corresponds to the respective currency of the country where the company has its registered office. Transactions conducted in a currency other than the functional currency are translated into the functional currency using the spot and/or respective exchange rate. The expenses and income resulting from this and from the settlement of such transactions are recognised in the consolidated income statement, provided that the amounts are not recognised as respective profit amounts in other comprehensive income.

Stichtagskurs

Stichtagskurs

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 equity of the companies with functional currencies other than the Euro included in the consolidated financial statements is translated using historical exchange rates. All assets and liabilities are translated using the spot rate. The income and expenses, as well as the annual profit recognised in the consolidated income statement, are translated using the transaction rate; for reasons of simplicity, the average rate pursuant to IAS 21.40 is used where permitted. The translation differences arising in the current year are recognised in other comprehensive income. Currency conversion is based on the following exchange rates:

EXCHANGE RATE IN RELATION TO THE EURO

in EUR	Closing rate		Average rate	
	2015	2014	2015	2014
Swiss franc (CHF)	0,9229	0,8317	0,9364	0,8233
British pound (GBP)	1,3625	1,2839	1,3777	1,2405
US dollar (USD)	0,9185	0,8236	0,9013	0,7527
Turkish Lira (TRY)	0,3148	0,3531	0,3305	0,3440

(d) Sales revenues

adesso mainly generates revenues from consulting projects, the sale of software and maintenance contracts. In keeping with IAS 18, sales revenues from service agreements and contracts for work and labour are recognised according to the percentage of completion method (PoC). Accordingly, the sales revenues and project costs are recognised on a pro-rata basis according to the degree of completion. The degree of completion is determined on the basis of costs incurred by the reporting date as a proportion of the estimated total costs for the project. Insofar as a reliable estimate of the total project income or total project costs cannot be made, revenues are only recorded in the amount of the recognised project costs. Contingent losses are immediately recognised in full.

(e) Borrowing Costs

Borrowing costs are generally included as an expense in the consolidated income statement. Pursuant to IAS 23, the borrowing costs of qualifying assets make up part of the cost. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. adesso did not identify any qualifying assets in the reporting period for which borrowing costs had to be capitalised.

(f) Goodwill

In case of a merger, goodwill is the positive difference between the consideration rendered in the business combination plus the fair value of the shares previously held as well as the non-controlling interests and the pro-rata equity of the acquired company at the time of the business combination measured according to IFRS 3. For impairment testing purposes, goodwill 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 pursuant to IFRS 8 before they are combined into reportable segments. For details on the impairment test, please refer to “(h) Impairment of Non-Financial Assets”.

(g) Intangible Assets and Property, Plant and Equipment

Intangible assets and property, plant, and equipment are recognised at cost. They are subsequently valued at amortised cost. Assets are amortised using the linear method over the course of their expected economic useful life. Residual values are taken into account in determining depreciation on property, plant, and equipment. For intangible assets, residual values are only taken into account insofar as a third party is obligated to assume the intangible asset at the end of its useful life. Furthermore, residual values are taken into account when there is an active market for the intangible asset, the residual value can be established in reference to said market and the active market is expected to exist at the end of the useful life of the intangible asset.

The preparation of non-current intangible assets is to be split into a research and a development phase. Expenditure in the research phase must always be recognised as expenses. Expenditure in the development phase is to be capitalised from the date on which the following can be satisfied:

- > The technical feasibility of completing the intangible assets so that it is available for use or sale;
- > The intention to complete the intangible assets and use or sell it;
- > The ability to use or sell the intangible asset;
- > How the intangible asset will generate future economic benefits;
- > adesso has sufficient resources to complete the intangible asset; and
- > The cost of the intangible asset can be measured reliably.

Intangible assets are generally amortised on a linear basis over three years. Additions as a result of mergers, such as customer lists or order backlog, are exceptions. The carrying amount of the order backlog is written off as soon as the sales revenue on the respective order is realised. Customer lists have a useful life of three to six years. The PSLife software acquired in the financial year is being written off over ten years. A useful life of four years is assumed for software produced in-house.

Property, plant, and equipment is classified as technical equipment and machinery, which is generally written off over three years, as well as office and other equipment, which is written off on a linear basis over five to 20 years.

Depreciation and amortisation is reported on the income statement under “Depreciation and amortisation”.

The carrying amount of intangible assets with an indefinite useful life is EUR 29 thousand.

Total development expenses for the financial year came to EUR 68 thousand, corresponding to the amortisation of the internally generated intangible assets.

Please refer to the next section for details on the impairment of intangible assets and property, plant and equipment.

(h) Impairment of Non-Financial Assets

Pursuant to IAS 36, goodwill, non-current intangible assets and property, plant and equipment all have to be tested for impairment. A review must be performed to determine at the balance sheet date if there are indications of a decrease in value. An impairment test is to be performed where such indications exist. In derogation of this, impairment tests are to be performed at least annually for goodwill, intangible assets with an indefinite useful life as well as intangible assets not yet available for use. The date on which

the mandatory impairment tests are performed can be selected at will and must be applied consistently. Impairment tests must be performed during the course of the year for all assets which fall within this scope where there are indications of a loss of value.

Impairment tests are performed for individual assets. The impairment test will be performed at the level of a cash-generating unit in the event that the recoverable amount cannot be calculated for an individual asset. Such a unit is the smallest group of assets that comprise the asset to be tested and for which cash flows that are largely independent from other assets can be identified. Goodwill is always to be tested for impairment on the basis of a single or a group of cash-generating units.

When testing for impairment, the carrying amount of an asset and/or a cash-generating unit including, where appropriate, the carrying amount of goodwill is compared to the recoverable amount of the cash-generating unit. The latter is determined by comparing and recognising the higher of the value in use and the fair value less the disposal costs for the cash-generating unit.

An impairment loss is to be recognised should the carrying amount be higher than the recoverable value. The carrying amount of an asset is to be reduced if an individual asset is tested for impairment. Should a cash-generating unit be tested for impairment, the goodwill first has to be written down to as low as EUR 0 where applicable. If an additional impairment has to be recorded, the carrying amounts of the assets of the cash-generating units covered by IAS 36 have to be reduced on a pro-rata basis according to the total carrying amounts. This may not be lower than the recoverable amount of the respective asset. The addition of goodwill is not allowed.

(i) Leases

Lease transactions are classified as financing leases or operating leases based on the economic nature of the transaction. The transaction is classified as a financing lease insofar as all material risks and opportunities are transferred to the lessee, and otherwise as an operating lease.

When a lease transaction is classified as a financing lease, the lease object is recognised by the lessee at the present value of the minimum lease payments or the lower fair value. A lease liability of the same amount is recognised. The lease object is subject to regular depreciation over the shorter of the economic useful life and the lease term. Since the lease payments are allocated to interest and redemption, interest on the remaining lease liability remains constant.

Gains on sale and leaseback transactions are deferred as liabilities and allocated over the lease term insofar as the new lease transaction is classified as a financing lease.

When a lease transaction is classified as an operating lease, the lease payments are recorded over the lease term on a linear basis. The benefits of agreed rent-free periods are allocated over the term of the rent term.

(j) Financial assets

Financial assets include loans issued, receivables, equity securities and debt instruments as well as cash and cash equivalents. They are recognised as soon as the adesso Group becomes a contractual partner for a corresponding financial instrument. Financial assets are measured at fair value when they are recognised. Transaction costs are capitalised except for financial assets in the category “measured at fair value through profit or loss”. The subsequent valuation of financial assets depends on the category they are assigned to. adesso does not use the categories “available for sale,” “measured at fair value through profit or loss” and “financial assets held to maturity”.

“Loans and receivables” are primary financial assets with a payment or series of payments that is fixed or can be determined, and that are not traded in an active market. They mainly encompass cash on hand and bank balances, trade accounts receivable and loans issued. Loans and receivables are valued at amortised cost using the effective interest method. Where there is objective evidence of a reduction in value, the difference between the carrying amount and the present value of the expected future cash flows, discounted using the original effective interest rate, is to be reported in the consolidated income statement as an impairment loss. Impairments are initially recorded in the form of specific provisions. The adjusted loans and receivables for which no specific loan loss provisions are established are then divided into groups with a similar risk of default. On this basis, impairments are recorded in the form of flat-rate specific provisions for the individual groups. Impairments of loans and receivables are not recorded directly against the corresponding financial asset, but in an impairment account. The impairment loss is only recorded against the financial asset once default (in part) becomes final, for instance based on a new contractual agreement.

Financial assets are to be derecognised either when rights to future cash flows no longer exist or the asset is transferred to a third party. A financial asset is classed as having been transferred when adesso no longer has any rights to future cash flows or if adesso still has such rights but is at the same time obligated to pass these payments on to a third party.

(k) Other Assets and Other Liabilities

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

(l) Receivables PoC/Liabilities PoC

Consulting projects in progress are recognised according to the percentage of completion (PoC) method pursuant to IAS 18. Progress is determined on the basis of project costs incurred by the reporting date as a proportion of the estimated total costs. The amount reported in the consolidated balance sheet is the sum of the cost, the pro-rata recognised profit and, where applicable, a contingent loss which is to be recognised in full, less partial settlements. Down payments are reported under liabilities PoC.

(m) Cash on Hand and at Bank

This item includes cash on hand and bank balances as well as current, highly liquid assets with a remaining term of no more than three months from the acquisition date. These assets can be converted into a specific amount of cash at any time and are subject to immaterial valuation risk only.

(n) Financial liabilities

Financial liabilities are recognised as soon as the adesso Group becomes a contractual partner for a corresponding financial instrument. Current liabilities are measured at amortised cost, which largely corresponds to the repayment amount. Non-current liabilities are recognised at the fair value of the consideration received on the transaction date. Transaction costs are included in the carrying amount of liabilities when they are recognised. Non-current liabilities are valued at amortised cost using the effective interest method.

A financial liability is to be derecognised when the contractual obligation ends, is met or is lifted.

The option to classify financial liabilities as “measured at fair value through profit or loss” according to IAS 39.9 was not exercised.

(o) Provisions

Provisions are recognised for actual, legal or factual obligations arising from past events which are likely to result in an outflow of economic resources and the amount of which can be estimated reliably. For similar obligations, such as product guarantees, the probability of utilisation is considered on the basis of the overall group of obligations. Provisions for pending losses from pending transactions are valued on the basis of the excess obligation. If the compensation or fines resulting from non-fulfilment are less than the excess obligation, the provision is to be valued on the basis of the compensation or fine.

Provisions may be discounted when the discount amount is material. The interest rate to be applied is an interest rate before taxes, which reflects current market expectations with regard to the interest effect and the risks pertaining to the debt. Provisions are generally valued at the cash value of future expected cash flows required to settle the obligation. The determination of future cash flows must take into account cost increases.

When the amount of a provision is expected to be reimbursed, for example based on insurance coverage, a reimbursement is only recognised as a separate asset if it is as good as certain. The income of reimbursement is not offset against expenses.

(p) Provisions for pensions

Pension provisions are measured at the present value of the defined benefit obligation. Plan assets were not endowed by adesso. Pursuant to IAS 19.120(c), actuarial gains and losses are recorded in other comprehensive income in the course of the remeasurement of the net liability. The present value of pension provisions is determined using the projected unit credit method in accordance with IAS 19. The calculations are based on the biometric parameters of the Heubeck 2005G mortality tables. adesso commissioned external experts to value the pension obligation as of 31 December 2015. The applied discount rate corresponds to the interest rate on corporate bonds with the best credit rating and a term corresponding to the pension provisions.

(q) Share-based Payment

adesso has issued employee options for the acquisition of shares in adesso AG in the past. The vesting period pursuant to IFRS 2 is two years, and four years for members of the Executive Board. Total personnel costs to be recognised are determined by multiplying the fair value of the option on the grant date by the number of options expected to be exercisable after the end of the vesting period. In general, the total personnel costs are recognised on a linear basis against the capital reserve over the vesting period. The number of options expected to be exercised after the end of the vesting period has to be adjusted to current estimates on each reporting date.

Debt from share-based payment issued in payment instruments is remeasured at present value on each reporting date. Changes in the amount of this debt flow to the consolidated income statement.

(r) Income Taxes

Income taxes include both actual income taxes and deferred taxes. The actual tax liabilities and taxes receivable encompass all obligations and claims for domestic and foreign income tax. They are calculated based on the applicable tax laws.

Deferred taxes are recognised on deductible or taxable temporary differences. These are positive or negative differences between the carrying amount according to IFRS and the tax value of an asset or liability with a future impact on taxable income. Deferred taxes are measured at the future tax rate expected to be applicable on the date when the difference reverses. Furthermore, deferred tax assets have to be recognised for the benefit associated with a tax loss carry-forward. Deferred tax assets on deductible temporary differences are recognised at least in the amount applicable to taxable temporary differences with the same tax authority and that reverse in the same period as the deductible temporary differences. Furthermore, deferred tax assets are recognised in the amount of the corresponding future economic benefit that is expected to be realised. The benefit of tax loss carry-forwards eligible for capitalisation is determined by adesso on the basis of a five-year plan.

(s) Government Grants

According to IAS 20, government grants have to be classified as investment grants or grants for expenses. Grants are only recognised according to IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) when it is sufficiently certain that the related conditions will be met and the grants issued. They are allocated through profit or loss in the periods in which the expenses compensated by the grants are incurred. Investment grants are deducted from the acquired assets. Grants for expenses are recorded through profit or loss in the period in which the corresponding expenses are recognised.

(t) Dividends

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

(u) Fair Values

Numerous IASB regulations demand that financial and non-financial assets and liabilities be recognised at fair value or be included in the notes. According to IFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Determining fair values of financial assets and liabilities is based on observable parameters wherever possible. If none are available, non-observable parameters are to be applied. IFRS 13 defines a valuation hierarchy for determining fair value, which comprises three levels. Allocation to level depends on the valuation parameters.

The parameters are allocated to the following levels:

- > Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities which the company can access at the valuation date.
- > Level 2: Input parameters other than the quoted prices on level 1 which are either directly or indirectly observable for the asset or liability.
- > Level 3: Non-observable input parameters for the asset or liability.

If parameters of different levels are used for measurement, the fair value is to be assigned to the same level as the input parameter of the lowest level used for measurement.

Fair values are either determined by adesso or external specialists.

At the end of the financial year, adesso did not have any material assets or liabilities subject to the scope of IFRS 13 which are measured at fair value regularly or on the reporting date.

Estimates and Assumptions

Numerous estimates and assumptions have to be made by management in preparing the consolidated financial statements. These relate to the following in particular:

- > **Mergers:** In general, the identifiable assets and liabilities acquired in a merger are measured at fair value. Since there is no active market for many assets and liabilities, the fair values have to be determined on the basis of recognised measurement methods. For example, these include the relief from royalty method and the multi-period excess earnings method. Significant valuation parameters that have to be estimated for these methods are the future cash flows resulting from the assets and liabilities as well as the applicable discount rates. In the financial year, adesso acquired customer lists in the amount of EUR 2,628 thousand and order backlogs of EUR 1,697 thousand in the course of a merger. For the measurement of contingent payment obligations related to mergers, assumptions have to be made regarding the values of parameters underlying the valuation.
- > **Non-current assets:** The useful life of non-current assets subject to regular depreciation and amortisation has to be estimated. An estimate of the residual value, which has to be taken into account in calculating regular depreciation and amortisation, is also required.
- > **Impairment test:** According to IAS 36, numerous parameters have to be estimated for the impairment test to verify the recoverability of the assets held by adesso. Here, risks are primarily associated with goodwill (carrying amount EUR 23,352 thousand, previous year: EUR 12,992 thousand).
- > **Receivables:** The recoverability of trade receivables (EUR 37,215 thousand, previous year: EUR 29,958 thousand) and receivables PoC (EUR 9,515 thousand, previous year: EUR 4,697 thousand) has to be assessed. This requires an estimate of the extent to which adesso customers meet their payment obligations.
- > **Provisions and contingent liabilities:** Recognising provisions often requires an assessment of whether the grounds for recognising a provision are met. For example, this applies to possible provisions for contingent losses on orders, warranty provisions, provisions for removal, shut-down or similar obligations, as well as provisions for legal risks and other provisions. The measurement of provisions requires an estimate and assumptions regarding the future amount required to redeem or settle the debt. This also applies to employee benefits after the end of the employment relationship. If a reliable estimate for the amount of an obligation cannot be made, it needs to be disclosed in the notes as a contingent liability. Discount rates must also be estimated in connection with provisions.
- > **Pension provisions and the related income /expenses** are determined on the basis of actuarial calculations. The calculation of pension provisions (EUR 177 thousand, previous year: EUR 761 thousand) is based on actuarial assumptions (probability of death and disability, interest rate and other biometric assumptions).
- > **Deferred taxes:** The measurement and realisation of deferred tax assets on loss carry-forwards requires a management estimate of the extent to which the benefit associated with the tax loss carry-forward can be realised. The benefit of the tax loss carry-forwards can only be realised to the extent they are approved by the fiscal authorities. Deferred tax assets of EUR 1,572 thousand (previous year: EUR 3,454 thousand) have been recognised in the consolidated financial statements for the future benefit of tax loss

carry-forwards. Of this, tax loss carry-forwards of adesso AG account for EUR 971 thousand. The tax loss carry-forwards of adesso AG have been approved by the fiscal authorities in the financial year. This eliminates the risk of writing off the deferred tax assets on tax loss carry-forwards recognised in the previous year (EUR 2,827 thousand) and the risk of tax payments for previous years (EUR 8,624 thousand) and interest payments (EUR 1,043 thousand) that would have to be recognised through profit and loss. All companies in the adesso Group capitalise the benefit of tax loss carry-forwards that will be utilised over a maximum period of five years. Further benefits are not capitalised.

- > Sales revenues: adesso provides services for its customers pursuant to IAS 18. According to IAS 18, sales revenues from services must be recognised using the percentage of completion method. This means sales are realised according to the degree of completion. Estimating the degree of completion is of particular importance with this method. Furthermore, it is necessary to estimate the entire project costs that will be incurred up to completion, the entire project income, the risks associated with the project and other key parameters.
- > Share-based compensation expenses: To recognise personnel costs from share-based compensation, management has to estimate how many rights are expected to be exercisable after the end of the vesting period.

III. Explanations for Items on the Consolidated Balance Sheet and Consolidated Income Statement

Information on the Consolidated Balance Sheet

1. Cash on Hand and at Bank

Cash on hand and at bank is EUR 28,162 thousand (previous year: EUR 23,724 thousand).

2. Trade accounts receivable

Trade accounts receivable are all due within one year. The impairment of trade accounts receivable at risk of default developed as follows:

<i>in T€</i>	Total 2015	Total 2014
As at 1 January	237	696
Availment	108	50
Release	27	431
Addition	137	22
AS OF 31 DECEMBER	239	237

The table below shows the maturity structure of trade accounts receivable not subject to impairment:

2015	Carrying amount	Neither impaired nor overdue	Not impaired and overdue as follows				
<i>in EUR k</i>			3 months or less	Over 3 months, up to 6 months	Over 6 months, up to 1 year	Over 1 year	Impaired
Trade accounts receivable	37,215	33,813	3,230	146	15	11	0

2014	Carrying amount	Neither impaired nor overdue	Not impaired and overdue as follows				
<i>in EUR k</i>			3 months or less	Over 3 months, up to 6 months	Over 6 months, up to 1 year	Over 1 year	Impaired
Trade accounts receivable	29,958	26,497	3,303	9	54	0	95

3. Receivables PoC

Receivables PoC are comprised of costs plus pro-rata profit less recognised order losses. Receivables PoC amount to EUR 9,515 thousand (previous year: EUR 4,697 thousand). Down payments received from customers in the amount of EUR 6,968 thousand (previous year: EUR 2,957 thousand) are reported under current liabilities.

4. Current Financial Assets

Current financial assets break down as follows:

<i>in EUR k</i>	2015	2014
Deposits	177	112
Secured liquid assets not at free disposal	53	0
Employee loans	27	16
TOTAL	257	128

The current financial assets are neither impaired nor overdue.

5. Other current assets

Other Current Assets Other current assets comprise:

<i>in EUR k</i>	2015	2014
Accruals	3,035	1,036
Receivables from personnel	39	60
Sales taxes receivable	0	315
Receivables from input tax surpluses	20	340
Other	197	230
TOTAL	3,291	1,981

The accruals mainly consist of a prepayment sent to a social insurance company of EUR 1,824 thousand (previous year: EUR 0 thousand) and maintenance expenses for the following year in the amount of EUR 214 thousand (previous year: EUR 420 thousand), other personnel costs of EUR 80 thousand (previous year: EUR 58 thousand), advertising expenses of EUR 186 thousand (previous year: EUR 154 thousand), insurance of EUR 31 thousand (previous year: EUR 73 thousand), training of EUR 52 thousand (previous year: EUR 39 thousand), limited-term licenses of EUR 170 thousand (previous year: EUR 122 thousand) and motor vehicle taxes of EUR 2 thousand (previous year: EUR 12 thousand).

6. Intangible Assets and Goodwill

Intangible assets and goodwill developed as follows:

2015 / in EUR k	Goodwill	Customer lists	Order backlog	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	15,387	8,397	0	273	3,776	27,833
Accumulated depreciation 1 January	2,395	8,123	0	6	3,249	13,773
Carrying amount 1 January	12,992	274	0	267	527	14,060
Currency translation differences	-479	-102	-65	0	0	-646
Company acquisitions	10,839	2,639	1,680	0	0	15,158
Additions	0	0	0	165	7,867	8,032
Depreciation	0	487	1,572	67	896	3,022
Impairment	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Gross value 31 December	25,747	10,934	1,615	438	11,643	50,377
Accumulated depreciation 31 December	2,395	8,610	1,572	73	4,145	16,795
CARRYING AMOUNT 31 DEC.	23,352	2,324	43	365	7,498	33,582

2014 / in EUR k	Goodwill	Customer lists	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	15,387	8,397	0	3,453	27,237
Accumulated depreciation 1 January	2,196	7,695	0	3,234	13,125
Carrying amount 1 January	13,191	702	0	219	14,112
Currency translation differences	0	0	0	0	0
Company acquisitions	0	0	0	0	0
Additions	0	0	273	443	716
Depreciation	0	428	6	135	569
Impairment	199	0	0	0	199
Disposals	0	0	0	0	0
Gross value 31 December	15,387	8,397	273	3,776	27,833
Accumulated depreciation 31 December	2,395	8,123	6	3,249	13,773
CARRYING AMOUNT 31 DEC.	12,992	274	267	527	14,060

Intangible assets are mainly comprised of the PSLife software acquired in the financial year (EUR 4,825 thousand, remaining useful life of 9.5 years) and customer lists acquired in the course of mergers (EUR 2,324 thousand, previous year: EUR 274 thousand). The remaining useful life of the customer lists is 5.5 years (previous year: 1 year).

Goodwill of EUR 199 thousand allocated to gadiv GmbH was written off in the previous year.

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. Goodwill was allocated to the following operating segments at the end of 2015; these operating segments are all allocated to the IT Services segment:

<i>in EUR k</i>	2015	2014
adesso AG	6,630	6,630
adesso Austria GmbH	3,552	3,552
Arithnea GmbH	2,810	2,810
adesso Schweiz AG	10,360	0

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 at the end 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 growth, the estimated gross margin and the discount rate.

Estimating the value in use and therefore also estimating cash flow is based on management's most recent operational planning. Detailed planning covers one to four years. Sales 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 0 % to 7.8 %. Future sales growth estimates are based on past sales development, expected sales 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 %. 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)) 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. The underlying gross margin in the period was between 4.2 % and 11.7 %.

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 pre-tax cash flows corresponds to the amount calculated according to an after tax assessment. The interest rate before taxes calculated according to this method is between 5.7 % and 6.5 % in IT-Services (previous year: 6.1 % to 7.1 %). 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 (1.42 %, previous year: 1.9 %), a beta factor derived separately for the IT Services segment from a representative peer group (constituting systematic risk), a market risk premium (6 %; previous year: 6 %; 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, 50 % lower perpetual annuity, 10 % lower cash flows and a 1 percentage point lower gross margin were assumed. If a change in a parameter deemed possible leads to an impairment of goodwill, IAS 36 demands additional disclosures for the corresponding cash-generating units. The sensitivity analysis showed that a corresponding change in the parameters would not have required an impairment loss to have been recognised at the end of 2015.

7. Property, plant and equipment

Property, plant and equipment developed as follows:

<i>in EUR k</i>	<i>2015</i>	<i>2014</i>
Gross value 1 January	12,387	8,462
Accumulated depreciation 1 January	7,449	6,481
Carrying amount 1 January	4,938	1,981
Currency translation differences	0	0
Additions	2,082	4,642
Company acquisitions	134	0
Disposals	6	44
Depreciation	1,855	1,639
Gross value 31 December	14,597	12,387
Accumulated depreciation 31 December	9,304	7,449
CARRYING AMOUNT 31 DEC.	5,293	4,938

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

8. Companies Recognised At Equity

The companies recognised at equity developed as follows:

<i>in EUR k</i>	2015	2014
AS OF 01.01	222	78
Additions	150	120
Pro-rata result	309	24
Dividends	28	0
Disposals	118	0
AS OF 31.12	535	222

The companies recognised at equity include the shares in Barmeria IT+ GmbH and com2m GmbH. Additions are comprised of the shares in com2m GmbH.

9. Non-current financial assets

Financial assets are comprised as follows:

<i>in EUR k</i>	2015	2014
Deposits	417	366
Down payment on shares in an associated company	77	0
Employee loans	72	34
IN EUR K	566	400

Non-current financial assets are neither impaired nor overdue.

adesso AG paid the purchase price of 30% of the shares in 1Buch GmbH in the current financial year. The shares are transferred to adesso effective on 1 January 2016.

10. Receivables and Liabilities from Income Taxes as well as Deferred Taxes

Current income taxes receivable mainly consist of tax prepayments in the amount of EUR 204 thousand (previous year: EUR 298 thousand).

Deferred tax assets and liabilities were comprised as follows as at the balance sheet date:

<i>in EUR k</i>	2015	2014
DEFERRED TAX ASSETS		
Intangible assets	214	114
Receivables and other assets	128	51
Provisions	373	105
Other liabilities	73	245
Loss carry-forwards	1,572	3,453
Offsetting	-838	-372
TOTAL (OF WHICH CURRENT: EUR 1,445 THOUSAND, PREVIOUS YEAR: EUR 1,898 THOUSAND)	1,522	3,596
DEFERRED TAX LIABILITIES		
Intangible assets	504	86
Property, plant and equipment	0	6
Companies recognised at equity	4	7
Trade accounts receivable	558	251
Receivables PoC	727	314
Provisions	69	75
Other liabilities	0	0
Offsetting	-838	-372
TOTAL (OF WHICH CURRENT: EUR 1,455 THOUSAND, PREVIOUS YEAR: EUR 733 THOUSAND)	1,024	367

Deferred taxes are measured based on the applicable future tax rates for the respective companies. The applicable overall tax rate is 32.80% (previous year: 32.80%). It is comprised of the corporate tax rate of 15.00%, the solidarity surcharge of 5.50% and the trade income tax rate of 16.98%. A tax rate of 21.45% was applied for the subsidiary in Switzerland, 25.00% for the subsidiary in Austria, 25.63% for Arithnea based in Neubiberg, 20% for the subsidiary in Turkey and 23.25% for the company in the USA. Deferred tax assets and liabilities are offset according to the provisions of IAS 12.74.

Deferred tax assets on tax loss carry-forwards are capitalised based on medium-term planning over a period of five years. The planning results are considered sustainable unless material reasons speak against that. Deferred tax assets on tax loss carry-forwards are recognised for the benefit that can be realised within the next five years. The future benefits are not sufficiently certain for further capitalisation. Recognition of deferred tax assets on tax loss carry-forwards at adesso Austria in the amount of EUR 257 thousand and adesso Turkey in the amount of EUR 158 thousand is based on the development of the companies, which is considered sustainable.

The loss carry-forwards can be carried forward perpetually. This does not include loss carry-forwards from two Swiss subsidiaries (EUR 480 thousand, previous year: EUR 314 thousand), which can be carried forward for seven years and loss carry-forwards from the Turkish subsidiary (EUR 842 thousand, previous year: EUR 647 thousand), which can be carried forward for five years. No deferred taxes were recognised for corporate tax loss carry-forwards of EUR 28 thousand and trade tax loss carry-forwards of EUR 63 thousand (previous year: EUR 128 thousand), as well as foreign loss carry-forwards of EUR 7,169 thousand (previous year: EUR 4,705 thousand).

In accordance with IAS 12.39, a deferred tax liability of EUR 122 thousand (previous year: EUR 117 thousand) for temporary differences of EUR 7,461 thousand (previous year: EUR 7,130 thousand) in connection with shares in subsidiaries was not recognised on 31 December 2015 (outside basis differences), as adesso can control their release, which is not planned in the foreseeable future.

11. Financial liabilities

Financial liabilities break down as follows:

in EUR k	2015				2014			
	Total	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years	Total	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years
Loans	21,469	3,935	8,283	9,251	5,717	1,576	3,830	311
Other financial liabilities	277	277	0	0	7	7	0	0
TOTAL	21,746	4,212	8,283	9,251	5,724	1,583	3,830	311

Liabilities from loans result from the loans taken out to acquire subsidiaries. The effective interest rate depends on the type of agreement as well as the term, and was between 1.07 % and 2.34 %.

Loans totalling EUR 2,199 thousand were repaid as scheduled in the reporting year.

12. Trade Accounts Payable and Liabilities PoC

The liabilities are due in full within 12 months. Liabilities PoC include down payments received from customers under service agreements.

13. Provisions

Provisions are comprised as follows:

<i>in EUR k</i>	01.01. 2015	Additions	Company acqui- sitions	Avail- ment	Reclassi- fication	Currency differ- ences	Release	31.12. 2015
Contingent losses	38	0	0	38	0	0	0	0
Storage costs	16	8	0	7	39	0	35	21
Other provisions	2,081	2,219	93	1,139	0	3	250	3,007
Warranty	1,001	666	14	612	-21	7	0	1,055
TOTAL, CURRENT	3,136	2,893	107	1,796	18	10	285	4,083
Warranty	414	40	0	0	21	0	0	475
Storage costs	107	0	0	0	-39	0	0	68
Other provisions	1,106	1,671	0	0	0	0	0	2,777
TOTAL, NON-CURRENT	1,627	1,711	0	0	-18	0	0	3,320

Other current provisions mainly consist of provisions for annual general meeting costs (EUR 70 thousand, previous year: EUR 60 thousand), Supervisory Board remuneration (EUR 42 thousand, previous year: EUR 40 thousand), operational provisions (bonuses, quotas etc. (EUR 1,745 thousand, previous year: EUR 1,211 thousand) and outstanding obligations (Chamber of Industry and Commerce, Employer's Liability Insurance Association, insurance premiums and similar (EUR 812 thousand, previous year: EUR 478 thousand)).

Other non-current provisions include provisions for the phantom share programme (EUR 2,736 thousand, previous year: EUR 1,106 thousand). The amount ultimately paid and therefore the change in provisions for the phantom share programme is closely related to the change in the price of adesso AG shares.

14. Current and Non-current Other Liabilities

Except for EUR 97 thousand (previous year: EUR 177 thousand), other liabilities are due within twelve months. They mainly consist of amounts payable to personnel (under variable salary agreements, premiums and obligations for accumulated holiday time) in the amount of EUR 18,454 thousand (previous year: EUR 14,189 thousand), sales taxes payable of EUR 3,829 thousand (previous year: EUR 2,143 thousand), payroll taxes payable of EUR 2,985 thousand (previous year: EUR 2,442 thousand) and deferred maintenance and hosting income for the following financial year in the amount of EUR 2,410 thousand (previous year: EUR 2,598 thousand).

15. Provisions for pensions

In 2015, a former adesso employee exercised the contractually agreed option to have the claim from the pension provision paid out. The entire payment of EUR 316 thousand was covered by reinsurance. A compensation gain of EUR 262 thousand was recognised in other comprehensive income. As of 31 December 2015, adesso still has pension provisions for two former employees. They cover claims for (advanced) old age pension, disability pension and orphan's pension. Interest expense from compounding the obligation is included in the interest result. The pension obligations are recognised on the basis of an actuarial analysis prepared by an external expert.

Provisions for pensions developed as follows:

<i>in EUR k</i>	
DBO AS OF 1 JANUARY 2014	690
Interest expense	28
Payments	- 14
Actuarial loss	57
DBO AS OF 31 DECEMBER 2014	761
Interest expense	4
Payments	-330
Actuarial gain	-258
DBO AS OF 31 DECEMBER 2015	177

The calculation of pension provisions is based on the following parameters:

<i>in %</i>	2015	2014
Interest rate	2.00	2.15
Rate of pension progression	2.00	2.00

Future medical care is not part of the agreement.

The amount of pension provisions depends on the calculation of the underlying parameters. The following table shows the impact a change in the following parameters would have on pension provisions.

<i>2015 (in EUR k)</i>	<i>Change</i>	<i>Increase in parameter</i>	<i>Decline in parameter</i>
Interest rate	+/- 0.5 p. points	-7	8
Rate of pension progression	+/- 0.25 p. points	3	-3
Residual life expectancy	+/- 1 year	15	-15

<i>2014 (in EUR k)</i>	<i>Change</i>	<i>Increase in parameter</i>	<i>Decline in parameter</i>
Interest rate	+/- 0.5 p. points	-38	40
Rate of pension progression	+/- 0.25 p. points	16	-17
Residual life expectancy	+/- 1 year	48	-52

A sensitivity analysis shows the change in the provision according to a change in a specific parameter.

The same method is used for calculating the carrying amount of pension provisions. It should be noted that a doubling in the change of a parameter for example, does not automatically result in a doubling of the effect of the carrying amount of the pension provisions. If several parameters change, this actual change in pension provisions does not automatically correspond to the total of the changes stated.

The expected payments from the pension provisions are EUR 14 thousand in 2016, EUR 54 thousand in 2017 through 2020 and a total of EUR 143 thousand from 2021 forward. The weighted average remaining term of the defined benefit obligations is 8.6 years.

16. Equity

The fully paid-up share capital of adesso AG as of 31 December 2015 is EUR 5,799,720 (previous year: EUR 5,793,720). It is divided into 5,799,720 (previous year: 5,793,720) bearer shares (no-par shares). The face amount per share is EUR 1.

Options were exercised and shares acquired under the employee participation plan in the current financial year. Share capital was increased by EUR 6,000 in the course of exercising the options. This was reported to the Commercial Register on 26 January 2016. The entry in the Commercial Register was made on 16 February 2016.

In the balance sheet, equity is divided on the basis of the provisions of the German Commercial Code (HGB). Restrictions and the dividend calculations are based on the provisions of the German Stock Corporation Act (AktG) applicable for the parent company.

Authorised capital

The Executive Board is authorised to increase the share capital until 3 June 2018 with the consent of the Supervisory Board in the amount of up to EUR 2,873,858.00 by issuing 2,873,858 new no-par bearer shares, on one or more occasions, in exchange for cash contributions and/or contributions in kind (authorised capital 2013). 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, a) as far as necessary in order to exclude fractional amounts from shareholder subscription rights, b) as far as the new shares are issued in exchange for contributions in kind, particularly in the form of companies, parts of companies and investments in companies, licence rights or other receivables, c) as far as new shares are issued in exchange for cash contributions and the total proportional amount of share capital corresponding to the new shares does not exceed the total amount of EUR 574,771.00, or if this amount is lower, 10% of the share capital at the effective date and at the date this authorisation to exclude subscription rights is first exercised (maximum amount) and the issue price of the new shares is not significantly lower than the market price of equivalent shares already listed on the stock market.

Share capital allocated to each share is to be taken into account for the maximum amount, which has been or will be used to satisfy bonds with conversions or share options, which has been or will be issued after 4 June 2013 pursuant to Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) under exclusion of subscriptions rights, or which will be sold after 4 June 2013 under application of Section 186 (3) Sentence 4 AktG. This is not taken into consideration as far as authorisations are newly issued by the Annual Shareholders' Meeting regarding the issue of bonds with conversions or share options according to Section 221 (4) Sentence 2, Section 186 (3) Sentence 4 AktG or the sale of treasury shares according to Section 71 (1) Number 8, Section 186 (3) Sentence 4 AktG after such authorisation is exercised.

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 03/06/2018, after the end of the authorisation period.

Conditional capital

The nominal value of the conditional capital as of 31 December 2015 is EUR 540,941 thousand. It breaks down as follows:

The General Meeting resolved on 29 May 2009 to increase the company's share capital by EUR 428,572.00 by issuing up to 428,572 no-par bearer shares conditionally (conditional capital 2009/II). This conditional capital increase serves exclusively to fulfil option obligations, which were granted by authorisation of the General Meeting of 29 May 2009 with the consent of the Supervisory Board until 15 December 2013. The conditional capital increase will only be conducted insofar as the holders of the issued options exercise their right to subscribe to the shares of the company and the company does not grant any of its own shares to fulfil the option obligations. The new shares participate, through the exercising of the options, in the profit from the beginning of the financial year.

In view of the capital decrease conducted by the company in 2009 at a ratio of 7:1, the conditional capital 2006 /I and 2009/II were accordingly adjusted by resolution of the General Meeting.

The General Meeting on 2 June 2015 adjusted the existing conditional capital I and II to the options under the stock option programs that have not been exercised and need to be covered by this conditional capital:

Conditional capital I was cancelled, since no more options can be exercised under the stock option plan 2006-2009. Conditional capital II was decreased from EUR 387,957.00 to EUR 49,700.00 and renamed conditional capital 2009.

On the reporting date, 40,971 convertible stock options remain outstanding under the conditional capital 2009. 6,000 new shares were issued for 6,000 stock options exercised under the employee participation plan in financial year 2015.

The General Meeting on 2 June 2015 also resolved to create new conditional capital for granting options to employees, managers and members of adesso AG's Executive Board, as well as managers of affiliated companies under a 2015 stock option plan (conditional capital 2015):

Accordingly, the capital stock is conditionally increased by an additional EUR 500,000.00 (conditional capital 2015). The conditional capital increase is intended for exercising options granted on the basis of this authorisation until 15 December 2019 ("stock option plan 2015"). The Executive Board or – to the extent members of the Executive Board are involved – the Supervisory Board was authorised to issue up to 500,000 options for the company's own shares to the beneficiaries under this stock option plan 2015. The conditional capital increase can only be carried out insofar as options are issued from the conditional capital under the stock option plan 2015 and the owners of said options exercise them within the exercise period, to the extent own shares are not used for redemption. The new shares participate, through the exercising of the subscription rights, in the profit from the beginning of the financial year.

A detailed overview of the composition and development of equity in the consolidated financial statements is provided in the consolidated statement of shareholders' equity.

17. Employee Participation Plan

No options were issued from “conditional capital 2009” in the financial year or the previous year. The exercise prices for all options issued and outstanding are between EUR 6.32 and 8.20, as in the previous year. The average weighted remaining term of the outstanding options is 2.7 years (previous year: 3.29 years). The vesting period of the outstanding options is 48 months. The outstanding options have a total term of 5 and 8 years, respectively. The number of outstanding options developed as follows:

	2015		2014	
	Number	Average exercise price per option in EUR	Number	Average exercise price per option in EUR
As at 1 January	49,621	7.17	97,759	6.76
Exercised	-6,000	6.66	-30,393	6.34
Expired	-2,650	7.17	-17,745	6.30
As of 31 December	40,971	7.25	49,621	7.17
Exercisable as of 31 December	19,137	7.00	19,870	6.61

An expense of EUR 3 thousand (previous year: EUR 14 thousand) for the stock option programme was recognised in the financial year. The weighted average market price of the adesso share was EUR 16.15 when the options were exercised.

A phantom share programme was initiated in financial year 2009. The market value of the adesso AG shares on 31 December 2015 is used for measurement. Redemption of the virtual shares in exchange for payment of the fair value of the corresponding number of adesso shares is possible eight years after the start of the commitment at the earliest. The amount payable is accumulated during this period. The holder of the virtual shares receives payments on said shares corresponding to the approved dividend per share. These payments are expensed. Expenses from the phantom share programme in the amount of EUR 1,681 thousand (previous year: EUR 561 thousand) were recognised in the financial year. The expense increase is mainly due to the higher stock market price of the adesso AG share. Total provisions of EUR 2,440 thousand (previous year: EUR 1,106 resulting from 200,466 phantom shares) have been recognised. No payments are due under the phantom share programme in financial year 2016. EUR 2,302 thousand is payable in financial years 2017 through 2020 and an additional EUR 435 thousand subsequently.

3,885 virtual stock options are issued and outstanding at the end of 2015. The corresponding provision is fully paid up at EUR 33 thousand. No further virtual stock options are being issued.

Information on the Consolidated Income Statement

The consolidated income statement is structured according to the total cost format. An overview of the earnings structures by segments is provided in segment reporting.

18. Sales revenues

Sales revenues are comprised as follows:

<i>in EUR k</i>	2015	2014
Services	173,418	137,718
Licensing	8,772	7,059
Maintenance/hosting sales	14,259	12,138
TOTAL	196,449	156,915

19. Other operating income

Other operating income is comprised as follows:

<i>in EUR k</i>	2015	2014
Income from trade accounts receivable written off	27	431
Grants for expenses	239	333
Income from the release of provisions	285	206
Income from translation differences	352	120
Commissions and other subsidies	0	91
Other	959	888
TOTAL	1,862	2,069

The release of provisions results largely from a number of individual items in the course of regular business activities.

Income from the release of value adjustments on receivables is due primarily to the settlement of value-adjusted receivables.

There were no material subleases with third parties at the end of the financial year.

20. Cost of Materials

Cost of Materials is comprised as follows:

<i>in EUR k</i>	2015	2014
Expenses for purchased merchandise	590	684
Expenses for purchased services	22,385	18,296
TOTAL	22,975	18,980

21. Personnel Costs

Personnel costs are comprised as follows:

<i>in EUR k</i>	2015	2014
Wages and salaries	107,721	84,912
Social security contributions	17,423	13,991
TOTAL	125,144	98,903

adesso Group had an average of 1,534 FTE (full-time equivalent) employees in 2015 (previous year: 1,377 FTE).

22. Other Operating Expenses

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

<i>in EUR k</i>	2015	2014
Travel expenses	9,151	7,666
Room costs	5,207	4,419
Motor vehicle expenses	4,424	3,955
Marketing	3,444	3,125
Telephone/Internet costs	1,458	1,808
Personnel recruitment	1,728	1,716
Other	10,662	8,908
TOTAL	36,074	31,597

The "Other" expenses reported in the table include a number of various expenses and also include expenses for foreign currency differences of EUR 332 thousand (previous year: EUR 296 thousand).

23. Depreciation and amortisation

Scheduled depreciation and amortisation of non-current assets is EUR 4,877 thousand for the financial year (previous year: EUR 2,208 thousand). Of this amount, EUR 2,082 thousand is accounted for by scheduled amortisation of intangible assets capitalised in the course of mergers. Scheduled depreciation and amortisation of internally generated intangible assets accounts for EUR 67 thousand for the financial year, which corresponds to the development costs affecting earnings recognised in the reporting year.

24. Income from financing and investment activities

Total interest income for the year under review is EUR 41 thousand (previous year: EUR 67 thousand) with EUR 32 thousand affecting payment; total interest expenses are EUR 291 thousand (previous year: EUR 174 thousand) with EUR 163 thousand affecting payment.

25. Income taxes

Income taxes are comprised as follows:

<i>in EUR k</i>	2015	2014
Current taxes	2,392	1,898
Deferred taxes	1,771	1,395
TOTAL	4,163	3,293

Current taxes include a tax expense of EUR 130 thousand (previous year: EUR 75 thousand) from adjustments in previous years. The benefit from utilising the tax loss carry-forwards, for which deferred taxes were not recognised at the end of the previous financial year, is EUR 38 thousand. Deferred tax assets on tax loss carry-forwards changed by EUR 1,881 thousand (previous year: EUR 2,084 thousand) due to utilisation of EUR -1,975 thousand (previous year: EUR -2,129 thousand), EUR 95 thousand (previous year: EUR 101 thousand) due to the recognition of additional deferred taxes on loss-carry forwards for which deferred taxes were not recognised in the previous financial year, EUR 102 thousand (previous year: EUR 61 thousand) due to the recognition of deferred taxes on current losses and EUR -104 thousand (previous year: EUR -34 thousand) due to depreciation/amortisation, of which EUR -88 thousand was recognised for adjustments for previous years based on an audit. The deferred tax revenue from the change in the temporary difference amounts to EUR 111 thousand (previous year: EUR 689 thousand).

The table below shows the reconciliation of the theoretically expected tax expense to actual reported income tax expense pursuant to IAS 12.81 (c):

<i>in EUR k</i>	2015	2014
Consolidated earnings before income taxes	9,475	7,288
Expected tax expense	3,108	2,391
Effect of foreign tax rates	89	-56
Effect of IFRS impairment of goodwill	0	65
Capitalisation of additional deferred taxes on loss carry-forwards	-96	-101
Utilisation of loss carry-forwards for which deferred taxes were not recognised	-38	0
Impairment and non-capitalised deferred taxes on loss carry-forwards	548	540
Non-deductible expenses and only taxable income	475	276
Effect of tax-free income	-87	0
Effect of foreign currency expense included in equity	101	94
Tax expense from other periods	130	75
Other	-67	9
Tax expense reported	4,163	3,293

The tax rate of the parent company at 32.8% was used to determine the expected tax expense.

Deferred tax revenue of EUR 84 thousand (previous year: tax revenue of EUR 18 thousand) was included in other comprehensive income in the financial year.

26. Earnings per share

According to IAS 33, two different values have to be reported for earnings per share: the undiluted and the diluted earnings per share. The undiluted earnings per share are calculated by dividing the consolidated net income for the year allocated to the shareholders of adesso AG by the average number of shares outstanding in the financial year.

At the end of the financial year, 24,045 (previous year: 20,240) outstanding options under the employee participation plan had to be taken into account in calculating the diluted earnings per share. A maximum of 40,971 options can exercise a diluting effect on earnings per share in the future.

Undiluted and diluted earnings are calculated as follows:

	2015	2014
Proportion of consolidated earnings allocated to adesso AG shareholders (in EUR k)	4,747	3,406
Average number of shares outstanding in the financial year	5,796,720	5,776,700
Undiluted earnings per share (in EUR)	0.82	0.59
Average number of shares outstanding, including the dilution effect	5,820,765	5,796,940
of outstanding options	0.82	0.59
Diluted earnings per share (in EUR)		

IV. Information on the Cash Flow Statement

In accordance with IAS 7, the cash flow statement shows the change in cash and cash equivalents of the Group during the year under review as a result of inflows and outflows. Cash and cash equivalents are comprised of cash on hand and at bank. According to IAS 7 (Statement of Cash Flows), the cash flows are classified into operating, investment and financing activities.

Cash flows from operating activities increased by EUR 7,629 thousand to EUR 16,877 thousand compared to the previous year. Compared to the previous year, consolidated earnings improved by EUR 2,187 thousand to EUR 9,475 thousand. Depreciation and amortisation of property, plant, and equipment, as well as intangible assets totals EUR 4,877 thousand, which is EUR 2,470 thousand higher compared to the previous year. This increase is mainly due to the amortisation of the order backlog and customer lists from the merger in Switzerland. Taxes were paid in the amount of EUR 2,267 thousand (previous year: EUR 1,094 thousand).

Cash outflows for investment activities rose by EUR 21,470 thousand compared to the previous year. The purchase of Born Informatik AG in Switzerland and the PSLife software had a material effect. The investment in com2m GmbH and the down payment on the shares in 1Buch GmbH are included in the cash outflows for investment activities as well.

The change in cash outflows for financing activities at EUR 15,816 thousand is mainly due to taking out new loans for financing the company acquisition (EUR 18,379 thousand).

According to IAS 7, non-cash investment and financing transactions have to be reported separately. No material non-cash transactions were identified in the current financial year.

V. Information on Segment Reporting

The adesso consolidated balance sheet and consolidated income statement present data in aggregate form. In order to better identify the risks and opportunities of the adesso business activities, information on the basis of reportable segments has to be disclosed in segment reporting. Here, the first step is to establish the operating segments. According to IFRS 8, a business area is an operating segment if it is engaged in business activities that generate income and expenses, the operating earnings are monitored regularly by a person in charge and separate financial information is available.

These criteria are met by adesso AG, its subsidiaries and the joint venture. Accordingly, each company is an operating segment pursuant to IFRS 8. For the purpose of segment reporting, similar operating segments are combined into a single segment in a second step. This summary results in the Services and Solutions segments.

The IT-Services segment focuses on industry-specific, individual IT consulting as well as software development. Consulting develops concepts for the optimum and efficient support of business processes through IT systems.

The IT-Solutions segment distributes standard software products and industry-specific or industry-neutral solutions.

The individual companies are assigned to these segments as follows:

<i>IT-Services</i>	<i>IT-Solutions</i>
adesso AG	adesso insurance solutions GmbH
adesso Austria GmbH	adesso mobile solutions GmbH
adesso hosting services GmbH	e-Spirit AG
adesso Schweiz AG	e-Spirit Inc.
adesso Transformer GmbH	e-Spirit UK Ltd.
adesso Turkey Bilgi Teknolojileri Ltd. Şti.	e-Spirit Schweiz AG
alleato assekuranzmakler GmbH	gativ GmbH
areal drei advisory GmbH	PSLife GmbH
Arithnea GmbH	PSLife Consulting GmbH
nhs Informatik GmbH	
percision Schweiz AG	
percision services GmbH	
phb services GmbH	

PSLife Consulting GmbH was assigned to the IT Services segment in the interim report as of 30 June 2015. Since the company is closely linked economically to adesso insurance solutions GmbH, it was reassigned to the IT Solutions segment. Figures for the previous year were not adjusted since the company was founded in 2015.

IFRS 8 consistently implements the so-called management approach for segment reporting. That means that the same information reported for internal purposes is disclosed externally. This applies even when internal reporting does not take place on the basis of figures that correspond to IFRS. Exceptions include information on sales revenues from external customers based on the customer's registered office and information on non-current assets based on the location of the assets. These disclosures must be based on the IFRS figures.

The published segment reporting shows the data presented to the leading decision makers in the course of internal reporting. These figures were determined according to the German Commercial Code (HGB). Scheduled amortisation of goodwill from mergers according to HGB is eliminated for the purpose of internal reporting. Accordingly, this is the same in segment reporting.

Non-consolidated figures are reported for each operating segment. This means, for example, that sales revenues between the individual companies are not eliminated in segment reporting. HGB accounting differs from IFRS accounting in significant points. Material differences for the purpose of segment reporting are discussed below:

- > Sales revenues for services are generally recognised according to the completed contract method under HGB. This means the sales revenues are only recognised when the contract is 100 % completed. According to IFRS, sales revenues for services and the corresponding expenses are recognised based on the degree of completion on the reporting date. This results in a deviation in the allocation of earnings from service agreements. For clarification, this does not mean that sales revenues reported according to IFRS are generally higher than sales revenues reported according to HGB.

- > Production costs according to IFRS encompass the full production-related costs. Other expenses, such as general administrative costs, can be included in production costs according to the German Commercial Code (HGB) but not according to IFRS.
- > Intangible assets are measured at cost according to HGB. Expenses of subsidiaries treated as acquisition costs according to HGB are treated as internally generated intangible assets measured at the cost of production in the consolidated financial statements.
- > According to IFRS, liabilities are not measured at the redemption amount but at the fair value of the consideration received less incidental costs. They are subsequently valued using the effective interest method.
- > According to IFRS 2, expenses from share-based remuneration are recognised through profit or loss against the capital reserve over the vesting period.

The “Reconciliation” column in segment reporting contains the differences between the sum of the amounts reported in the segments and the amount reported for the respective item in the consolidated financial statements. These differences mainly consist of amounts for transactions between the operating segments, accounting differences between IFRS and HGB and amounts that cannot be assigned to the segments. adesso is unable to separate the amounts reported in the “Reconciliation” column.

Transactions between the operating segments are settled at market prices.

SEGMENT REPORTING 2015

<i>in EUR k</i>	<i>IT-Services</i>	<i>IT-Solutions</i>	<i>Reconciliation</i>	<i>Consolidated</i>
Sales revenues	184,298	39,043	-26,891	196,449
Changes in inventories	3,123	-25	-3,097	0
Own work capitalised	0	0	165	165
Other operating income	7,195	1,572	-6,905	1,862
Cost of materials	-42,603	-10,928	30,556	-22,975
Personnel costs	-110,223	-19,317	4,396	-125,144
Other operating expenses	-30,418	-8,126	2,470	-36,074
Extraordinary result for the period	5	-2	-3	0
Other taxes	-4	-1	5	0
EBITDA	11,371	2,215	698	14,284
Depreciation and amortisation	-2,151	-449	-2,277	-4,878
Amortisation of goodwill	-2,662	-265	2,928	0
EBIT	6,558	1,500	1,348	9,406
Income from investments	1,082	-449	-324	309
Financial result	-207	-1,601	1,567	-240
EARNINGS BEFORE TAX (EBT)	7,433	-550	2,592	9,475
Amortisation of goodwill	2,662	265	-2,928	0
EBT before amortisation of goodwill	10,096	-284	-336	9,475

SEGMENT REPORTING 2014

<i>in EUR k</i>	<i>IT-Services</i>	<i>IT-Solutions</i>	<i>Reconciliation</i>	<i>Consolidated</i>
Sales revenues	151,551	29,971	-24,607	156,915
Changes in inventories	677	-36	-641	0
Own work capitalised	0	0	274	274
Other operating income	3,779	1,523	-3,233	2,069
Cost of materials	-35,449	-7,514	23,983	-18,980
Personnel costs	-84,813	-15,766	1,676	-98,903
Other operating expenses	-26,553	-6,899	1,855	-31,597
Extraordinary result for the period	-4	-2	6	0
Other taxes	-3	-2	5	0
EBITDA	9,185	1,275	-682	9,778
Depreciation and amortisation	-1,523	-258	-427	-2,208
Amortisation of goodwill	-2,200	-265	2,266	-199
EBIT	5,462	752	1,157	7,371
Income from investments	4,383	-1,475	-2,884	24
Financial result	-332	-808	1,033	-107
EARNINGS BEFORE TAX (EBT)	9,513	-1,531	-694	7,288
Amortisation of goodwill	2,200	265	-2,266	199
EBT before amortisation of goodwill	11,713	-1,266	-2,960	7,487

The following table shows the allocation of sales with external clients by the client's place of business and non-current assets by the location of the assets to geographical segments as required by IFRS 8.

	<i>Sales with external clients by client's place of business</i>		<i>Non-current assets</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Germany	152,736	131,941	22,196	15,066
thereof goodwill			9,441	9,440
Austria	5,693	5,639	3,615	3,627
thereof goodwill			3,552	3,552
Switzerland	29,877	13,590	13,020	305
thereof goodwill			10,360	0
Other	8,144	5,745	44	76

More than 10% of the sales generated by adesso were not applicable to any one customer in financial years 2015 and 2014.

VI. Supplementary Information

Other Financial Obligations

Other financial obligations are comprised as follows:

2015 / in EUR k	Total	Thereof due in year 1	in year 2 to 5	after 5 years
Space and equipment rental	23,267	4,065	11,482	7,720
Other lease contracts	3,390	1,599	1,791	0
Other long-term contracts	583	280	303	0
Insurance	645	541	97	7
	27,885	6,465	13,673	7,727

2014 / in EUR k	Total	Thereof due in year 1	in year 2 to 5	after 5 years
Space and equipment rental	21,565	3,496	8,325	9,744
Other lease contracts	2,745	1,420	1,317	8
Insurance	586	494	83	9
	24,896	5,410	9,725	9,761

Other financial obligations from the leasing of space and equipment primarily stem from a signed, long-term leasing agreement for adesso AG. adesso has leased the building for 15 years. The company has an option right to extend the lease by two additional terms of five years at the respective current market conditions.

Regarding the obligation under the purchase contract for an additional 49% of the shares in Arithnea GmbH, please refer to the information on the consolidation of subsidiaries.

There are no further financial obligations such as order commitments on the reporting date.

There were no contingent liabilities at the end of financial year 2015.

Financial Instrument Disclosures According to IFRS 7

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” except for the conditional purchase price obligation from the acquisition of Born Informatik AG in the amount of EUR 277 thousand.

The table below shows the carrying amounts measured at (amortised) cost 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	2015			2014		
		Carrying amount	Fair Value	Fair Value level*	Carrying amount	Fair Value	Fair Value level*
ASSETS							
Cash and cash equivalents	LaR	28,162	28,162		23,724	23,724	
Trade accounts receivable	LaR	37,215	37,215		29,958	29,958	
Other assets	LaR	1,467	1,467		1,456	1,456	
TOTAL		66,844	66,844		55,663	55,663	
EQUITY AND LIABILITIES							
Trade accounts payable	FL	9,411	9,411		8,098	8,098	
Loans	FL	21,469	21,857	3	5,717	5,721	3
Other financial liabilities	CPPO	277	277	3	7	7	
Other liabilities	FL	27,812	27,812		21,724	21,724	
TOTAL		58,969	59,357		35,546	35,550	

* See "General Information – Fair Value" for additional notes

LaR: Loans and receivables

FL: Financial liabilities, measured at (amortised) cost

CPPO: Conditional purchase price obligation measured at fair value; FL in the previous year

The fair value of the loans is calculated by discounting future cash flows from the loans by adesso's current borrowing rate.

The net results required pursuant to IFRS 7.20 are comprised as follows:

2015 / in EUR k	From interest	Impairment	Write-up/ derecognition	Total
Loans and receivables	51	-186	27	-3
Financial liabilities measured at amortised cost	-291	0	0	-291
2014 / in EUR k				
Loans and receivables	67	-22	431	476
Financial liabilities measured at amortised cost	-174	0	0	-174

Net results in the “Loans and receivables” category are due to compounding non-current financial assets and interest-bearing investments in financial assets, as well as the impairment of financial assets at risk of default and the write-up of financial assets previously impaired. Net results in the category “Financial liabilities measured at amortised cost” are due to interest expenses.

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

Default Risk

The Group is exposed to default risk on the recognised trade accounts receivable and receivables PoC. Existing and major customers continue to dominate the customer portfolio in 2014. A number of the new customers added in 2015 are also major customers.

Any applicable risks are covered by specific provisions. No flat-rate specific provisions for groups of receivables were required. The maximum default risk corresponds to the carrying amount of the receivables.

Liquidity Risk

adesso is exposed to liquidity risk due to the possibility that future financial obligations may not be met. Medium and long-term liquidity management is centralised in Dortmund under the responsibility of the CFO. All Group companies independently plan and monitor their liquidity. Cash management has not been implemented. Liquidity is mainly assured by cash flow from operating activities as well as a high level of cash and cash equivalents. The Group companies periodically report their short-term, medium-term and long-term liquidity to adesso AG based on various time horizons.

The tables below show the carrying amounts and cash flows (interest and repayments) of the financial liabilities. The difference between the carrying amount and the total of future cash flows corresponds to the interest due in future:

Consolidated Notes

2015 (in EUR k)	Carrying amount	Maturity up to 1 year	> 1 and up to 5 years	> 5 years
Trade accounts payable	9,411	9,411	0	0
Loans	21,469	4,316	9,340	10,203
of which interest	0	381	1,103	906
Other financial liabilities	277	277	0	0
Other liabilities	27,812	27,715	97	0
TOTAL	59,243	41,338	8,247	9,384

2014 (in EUR k)	Carrying amount	Maturity up to 1 year	> 1 and up to 5 years	> 5 years
Trade accounts payable	8,098	8,098	0	0
Loans	5,717	1,680	3,957	318
of which interest	0	104	127	7
Other financial liabilities	7	7	0	0
Other liabilities	21,724	21,547	177	0
TOTAL	35,546	31,332	4,134	318

Market Risk

Revenues are largely realised in the national currencies of the respective companies. The exchange rate risk can therefore continue to be considered low. To finance the company acquisition in Switzerland, adesso AG took out nearly two-thirds of the loans in Swiss francs. Ultimately, this amount is not subject to currency risk since redemption is in Swiss francs. The remainder is subject to currency risk depending on the development of the Swiss franc versus the euro. All loans bear interest at fixed rates.

Capital Management

The equity ratio of adesso is 35 % (previous year: 46 %). Active capital management is not performed. The Executive Board manages the company using earnings, yield and liquidity indicators. No capital measures other than the authorised and conditional capital disclosed in section 16 have currently been approved.

Executive Board

The following persons were members of the adesso AG Executive Board in the year under review:

- > Michael Kenfenheuer, Frechen, Chairperson of the Executive Board (Co-Chairperson until 30 June 2015) (Banking, Health and Insurance business areas)
- > Dr. Rüdiger Striemer, Berlin, Co-Chairperson of the Executive Board (until 30 June 2015) (Software Development and Corporate Communications)
- > Dipl.-Wirtschaftsingenieur (industrial engineer) Christoph Junge, Münster, member of the Executive Board (Finance, Personnel, Administration and Law, as well as Mergers & Acquisitions)
- > Dipl.-Stat. Andreas Prenneis (statistics graduate), Dortmund, member of the Executive Board (since 1 April 2015) (Automotive & Transportation, Public Administration and Energy Industry business areas)

All Executive Board members were granted the power of sole representation. They are exempt from the restrictions of Section 181 BGB.

Executive Board Remuneration

Remuneration for members of the Executive Board is mainly determined according to business performance and accepted industry standards. It is based on contractual provisions established with the Supervisory Board, and includes basic remuneration as well as additional, performance-based remuneration.

The remuneration principles are presented in the Remuneration Report contained in the Management Report.

In market and corporate standards, the Company grants further benefits to all members of the Board from their contracts that are partly viewed as non-cash benefits and taxed accordingly. Especially the provision of a company car and payments to social insurance are to be named.

2015, the total amount of payments (accrual) of all members of the Board during this period was EUR 982 thousand (previous year: EUR 919 thousand). This includes dividends from the phantom stock program amounting to EUR 39 thousand (previous year: EUR 32 thousand).

The tables below provide an overview of benefits paid and granted to the members of the Executive Board:

BENEFITS PAID

in T€	Michael Kenfenheuer Chairperson of the Executive Board (until 30 June 2015 Co-CEO)				Christoph Junge Member of the Executive Board				Andreas Prenneis Member of the Executive Board (since 1 April 2015)				Dr. Rüdiger Striemer Co-CEO (until 30 June 2015)			
	2014	2015	2015 (Min)	2015 (Max)	2014	2015	2015 (Min)	2015 (Max)	2014	2015	2015 (Min)	2015 (Max)	2014	2015	2015 (Min)	2015 (Max)
PERFORMANCE- INDEPENDENT REMUNERATION																
Fixed remuneration	204	206	206	206	180	190	190	190	-	135	135	135	204	99	99	99
Fringe benefit	20	19	19	19	52	13	13	13	-	10	10	10	54	8	8	38
<i>Total</i>	<i>224</i>	<i>225</i>	<i>225</i>	<i>225</i>	<i>232</i>	<i>203</i>	<i>203</i>	<i>203</i>	<i>-</i>	<i>145</i>	<i>145</i>	<i>145</i>	<i>258</i>	<i>107</i>	<i>107</i>	<i>137</i>
PERFORMANCE- BASED VARIABLE REMUNERATION																
Short-term variable remuneration	79	112	-	112	82	112	-	112	-	84	-	84	82	56	-	56
Long-term variable remuneration	199	516	57	929	58	180	40	250	-	-	-	-	228	285	57	558
<i>Total</i>	<i>278</i>	<i>628</i>	<i>57</i>	<i>1,041</i>	<i>140</i>	<i>292</i>	<i>40</i>	<i>362</i>	<i>-</i>	<i>84</i>	<i>-</i>	<i>84</i>	<i>310</i>	<i>341</i>	<i>57</i>	<i>614</i>
Benefit expense	8	8	8	8	8	8	8	8	-	5	5	5	8	4	4	4
TOTAL REMUNERATION	510	861	290	1,274	380	503	251	573	-	234	150	234	576	452	168	755

ACCRUAL

	<i>Michael Kenfenheuer Chairperson of the Executive Board (until 30 June 2015 Co-CEO)</i>		<i>Christoph Junge Member of the Executive Board</i>		<i>Andreas Prenneis Member of the Executive Board (since 1 April 2015)</i>		<i>Dr. Rüdiger Striemer Co-CEO (until 30 June 2015)</i>	
<i>in T€</i>	2015	2014	2015	2014	2015	2014	2015	2014
PERFORMANCE- INDEPENDENT REMUNERATION								
Fixed remuneration	206	204	190	180	135	-	99	204
Fringe benefit	19	20	13	52	10	-	8	54
<i>Total</i>	225	224	203	232	145	-	107	258
PERFORMANCE- BASED VARIABLE REMUNERATION								
Short-term variable remuneration	79	52	80	45	-	-	80	52
Long-term variable remuneration	14	12	10	8	-	-	14	12
<i>Total</i>	93	64	90	53	-	-	94	64
Benefit expense	8	8	8	8	5	-	4	8
TOTAL REMUNERATION	326	296	301	293	150	-	205	330

Liabilities for Executive Board remuneration amounted to EUR 372 thousand as of the reporting date; this amount will be paid in the subsequent financial year. The members of the Executive Board of adesso AG held the following adesso AG shares as of 31 December 2015:

	<i>Number of no-par bearer shares</i>
Christoph Junge, Muenster	16,487
Michael Kenfenheuer, Frechen	53,101
Andreas Prenneis, Dortmund	0
TOTAL	69,588

The Executive Board of adesso AG held 24,554 stock options on the reporting date, with a fair value of EUR 34 thousand on the date they were granted. Due to an individual commitment, one member of the Board holds 3,885 virtual stock options.

Former members of the Executive Board do not receive any remuneration, nor were any pension commitments made. No loans or advances were granted to members of the Executive Board.

Board member Michael Kenfenheuer was granted 57,145 phantom shares as of 1 September 2010. The former board member Dr. Rüdiger Striemer was granted 57,145 phantom shares as of 1 September 2009. The Board Member Christoph Junge was granted 40,000 phantom shares as of 1 May 2014.

The members of the adesso AG Executive Board also hold the following positions in supervisory boards and other governing bodies according to Section 125 (1) Sentence 3 in conjunction with Section 125 (2) of the German Stock Corporation Act (AktG):

- > Christoph Junge, Muenster
Member of the Administrative Board, percision Schweiz AG, Zurich, Switzerland (since 16 January 2015)
- > Michael Kenfenheuer, Frechen
Chairperson of the Supervisory Board, e-Spirit AG, Dortmund
- > Dr. Rüdiger Striemer, Berlin (Co-Chairperson of the Executive Board until 30 June 2015)
Member of the Supervisory Board, e-Spirit AG, Dortmund
Member of the Administrative Board, adesso Schweiz AG, Zurich, Switzerland
Member of the Administrative Board, percision Schweiz AG, Zurich, Switzerland (until 16 January 2015)
- > Michael Kenfenheuer, Frechen
Vorsitzender des Aufsichtsrats der e-Spirit AG, Dortmund

Supervisory Board

The members of the Supervisory Board in 2015 were as follows:

- > Prof. Dr. Volker Gruhn, Dortmund, Chairperson of the Supervisory Board
Head of the Software Engineering Department at University of Duisburg-Essen
- > Dr. Friedrich Wöbking, Pullach, Deputy Chairperson of the Supervisory Board
(since 2 June 2015, previously member of the Supervisory Board)
Management consultant
- > Prof. Dr. Willibald Folz, Munich, Deputy Chairperson of the Supervisory Board
(until 2 June 2015)
Lawyer
- > Prof. Dr. Gottfried Koch, Stein/Schweiz
Professor of Insurance Information Technology
- > Dipl.-Kaufm. Hermann Kögler (business management graduate), Bonn
(since 2 June 2015)
Managing Director of Cognos AG
- > Dipl.-Math. Heinz-Werner Richter (mathematics graduate), Dortmund
Actuarial trustee, management consultant
- > Dipl.-Inform. Rainer Rudolf (IT graduate), Dortmund
Managing Director of Stock Informatik GmbH & Co. KG

The members of the adesso AG Supervisory Board also hold the following positions in supervisory boards and other governing bodies according to Section 125 (1) Sentence 3 in conjunction with Section 125 (2) of the German Stock Corporation Act (AktG):

> Prof. Dr. Volker Gruhn

Member of the Supervisory Board, e-Spirit AG, Dortmund
Member of the Advisory Board, com2m GmbH, Dortmund

> Dipl.-Kfm. Hermann Kögler (business management graduate), Bonn

Member of the Supervisory Board of HHL gemeinnützige GmbH, Leipzig, Graduate School of Management

> Dipl.-Inform. Rainer Rudolf (IT graduate), Dortmund

Member of the Supervisory Board, jCatalog Software AG, Dortmund

The other members of the adesso AG Supervisory Board also hold no additional positions in supervisory boards and other governing bodies according to Section 125 (1) Sentence 3 of the German Stock Corporation Act (AktG).

Supervisory Board Remuneration

Total remuneration in calendar year 2015 for all members of the adesso AG Supervisory Board appointed in this period was EUR 42 thousand (previous year: EUR 32 thousand) for Supervisory Board activities.

Supervisory Board remuneration paid in the financial year:

<i>in EUR k</i>	<i>Basic remuneration</i>	<i>Variable share</i>	<i>Reimbursement of expenses</i>	<i>Total</i>
Prof. Dr. Volker Gruhn	7	0	0	7
Prof. Dr. Willibald Folz	5	2	0	7
Prof. Dr. Gottfried Koch	5	2	2	9
Hermann Kögler	0	0	0	0
Heinz Werner Richter	5	2	0	7
Rainer Rudolf	5	0	0	5
Dr. Friedrich Wöbking	5	2	0	7
TOTAL	32	8	2	42

All transactions with related parties are concluded at market terms and conditions. Liabilities to members of the Supervisory Board on the reporting date were EUR 22 thousand (previous year: EUR 25 thousand). Liabilities for Supervisory Board remuneration of EUR 42 thousand were created in the current financial year. Expenses of EUR 258 thousand (previous year: EUR 309 thousand) for commissions, fees and allowances were recognised.

adesso AG has neither granted loans to members of the Supervisory Board nor issued bonds or guarantees on their behalf. There are no family ties between members of the Supervisory Board, nor between members of the Supervisory Board and the Executive Board. There are no service agreements between the Supervisory Board members and adesso or its subsidiaries that call for compensation upon termination.

Former members of the Supervisory Board do not receive any remuneration, nor were any pension commitments made.

The members of the Supervisory Board of adesso AG held the following adesso AG shares as of 31 December 2015:

<i>in EUR k</i>	<i>Number of no-par bearer shares</i>
Prof. Dr. Volker Gruhn, Dortmund, directly and indirectly	1,719,767
Rainer Rudolf, Dortmund	1,088,195
Prof. Dr. Gottfried Koch, Stein	15,921
Dr. Friedrich Wöbking, Pullach	6,000
Hermann Kögler, Bonn	0
Heinz-Werner Richter, Dortmund	0
	2,829,883

Related Party Disclosures

In addition to the members of the Executive Board and Supervisory Board, the following companies are considered to be related parties of adesso:

Associates:

- > Barmenia IT+ GmbH, Wuppertal
- > com2m GmbH, Dortmund

Other:

- > Setanta GmbH, Dortmund
- > ForenService Holding, Leipzig
- > Versicherungsforen Leipzig GmbH, Leipzig
- > IT Factum GmbH, Munich
- > CampusLab GmbH, Essen

Receivables from and liabilities to related parties were as follows as of 31 December:

<i>in EUR k</i>	2015		2014	
	<i>Receivables</i>	<i>Liabilities</i>	<i>Receivables</i>	<i>Liabilities</i>
Associates	0	0	-	-
Other	0.4	59	0.4	25

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

in EUR k	2015		2014	
	Income	Expenses	Income	Expenses
Joint ventures	1,124	22	2,490	17
Associates	0	4	-	-
Other	7	213	11	35

All transactions were settled on an arm's length basis.

Audit Fee

According to German law, the auditor is nominated by the Supervisory Board and chosen by the Annual General Meeting. Once the auditor has been chosen, the Supervisory Board issues the mandate, approves the conditions and scope of the audit as well as all audit fees under its own responsibility, and monitors the independence of the auditor.

The Annual General Meeting chose the company DOSU AG Wirtschaftsprüfungsgesellschaft, Dortmund, nominated by the Supervisory Board, as the auditor for 2015.

The activities of the auditing firm are reportable and disclosed in the table below. Fees for the audit of the consolidated financial statements and annual financial statements of adesso AG and its subsidiaries are shown under (1). Compensation for consulting activities are shown under (2).

	DOSU 2015	DOSU 2014
(1) Year-end audit	205**	202*
(2) Other consulting services	9	3
TOTAL	214	205

** Thereof EUR 5 thousand from 2013

** Thereof EUR 9 thousand from 2014

Events after the Reporting Date

Effective on 1 January 2016, the remaining 49 % of the shares in Arithnea GmbH are allocated to adesso. See the information on the consolidation of subsidiaries.

Appropriation of Net Income

The Executive Board and Supervisory Board shall propose the distribution of EUR 1,739,916.00 or EUR 0.30 per share to the Annual General Meeting. The distribution of dividends has no income tax consequences for adesso.

Declaration on the Corporate Governance Code according to Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board of adesso AG declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the “Government Commission on the German Corporate Governance Code” in the current version published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) have and will be complied with. Possible deviations from the recommendations are listed and commented on in the compliance statement.

The Executive Board and Supervisory Board of adesso AG report on corporate governance for the company annually, and publish this information as part of the management report. The report and declaration, including the compliance statement, are permanently available online at www.adesso-group.de (Investor Relations > Group > Corporate Governance).

Affiliated Companies of the adesso Group

<i>Firma</i>	<i>Sitz</i>	<i>Eigenkapital</i>	<i>Jahres- ergebnis</i>	<i>Kapital- anteil</i>
adesso Austria GmbH	Vienna, Austria	EUR k -2,555	EUR k -263	100%
adesso hosting services GmbH	Dortmund, Germany	EUR k 125	EUR k 184	51%
adesso insurance solutions GmbH	Dortmund, Germany	EUR k -7	EUR k -45	100%
adesso mobile solutions GmbH	Dortmund, Germany	EUR k 343	EUR k 0*	100%
adesso Schweiz AG	Zurich, Switzerland	CHF k 4,244	CHF k 1,591	100%
adesso Transformer GmbH	Vienna, Austria	EUR k 54	EUR k -24	51%
adesso Turkey Bilgi Teknolojileri Ltd. Şti.	Istanbul, Turkey	TRY k -522	TRY k -829	100%
alleato assekuranzmakler GmbH	Dortmund, Germany	EUR k -7	EUR k -107	74%
areal drei advisory GmbH	Cologne, Germany	EUR k -24	EUR k 111	100%
ARITHNEA GmbH	Neubiberg, Germany	EUR k 3,071	EUR k 837	51%
e-Spirit AG	Dortmund, Germany	EUR k 4,563	EUR k 0*	100%
e-Spirit Inc.	Delaware, USA	USD k -4,294	USD k -2,014	100%
e-Spirit Schweiz AG	Zurich, Switzerland	CHF k -248	CHF k 29	100%
e-Spirit UK Ltd.	London, Great Britain	GBP k -1,093	GBP k -318	100%
gativ GmbH	Much, Germany	EUR k 78	EUR k 91	60.91%
nhs Informatik GmbH	Bern, Switzerland	CHF k 800	CHF k 43	100%
percision Schweiz AG	Zurich, Switzerland	CHF k -131	CHF k -145	100%
percision services GmbH	Dortmund, Germany	EUR k -3,710	EUR k 574	100%
phb services GmbH	Dortmund, Germany	EUR k 38	EUR k 9	100%
PSLife GmbH	Dortmund, Germany	EUR k 604	EUR k 462	100%
PSLife Consulting GmbH	Munich, Germany	EUR k 500	EUR k 475	70%

* Annual profit EUR k 0 due to the profit transfer agreement with adesso AG.

Associates of adesso Group

<i>Firma</i>	<i>Sitz</i>	<i>Anteiliges Eigenkapital</i>	<i>Anteiliges Jahresergebnis</i>	<i>Kapitalanteil</i>
Barmeria IT+ GmbH*	Wuppertal, Germany	EUR k 391	EUR k 270	24.0 %
com2m GmbH*	Dortmund, Germany	EUR k 4	EUR k -4	24.9 %

* Included in the consolidated financial statements at equity

STATEMENT OF THE LEGAL REPRESENTATIVES

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

Dortmund, 16 March 2016

adesso AG



Michael Kenfenheuer



Christoph Junge



Andreas Prenneis

AUDIT OPINION

We have audited the consolidated financial statements prepared by adesso AG, Dortmund – consisting of the balance sheet, income statement, statement of changes in equity, consolidated statement of comprehensive income, cash flow statement and notes – as well as the consolidated management report for the financial year from 1 January 2015 to 31 December 2015. Preparing the consolidated financial statements and consolidated management report according to IFRS as applicable in the EU, and the supplementary. Applicable regulations under commercial law according to Section 315a (1) of the German Commercial Code (HGB), is the responsibility of the company's Executive Board. Our responsibility is to issue an opinion on the consolidated financial statements and consolidated management report based on our audit.

We conducted our audit of the consolidated financial statements according to Section 317 of the German Commercial Code (HGB) and the audit principles established by the Institut der Wirtschaftsprüfer (IDW) (Institute of Auditors in Germany). Under these regulations and audit principles, an audit must be planned and conducted so that inaccuracies and irregularities that would have a material impact on the information contained in the consolidated financial statements under consideration of the applicable accounting standards, or on the net assets, financial position and results of operations communicated by the consolidated management report, are detected with sufficient certainty. Audit procedures are established based on our knowledge of the company's business activities, the economic and legal environment in which the group operates, and expectations regarding possible errors.

The effectiveness of internal controls related to accounting and the documentation of information contained in the consolidated financial statements and consolidated management report are verified during the course of the audit; this is mainly done by way of sampling. Our audit encompassed an examination of the annual financial statements for the companies included in the consolidated financial statements, the basis of consolidation, the applied accounting and consolidation principles, and the material estimates made by the Executive Board as well as the overall presentation of the consolidated financial statements and the consolidated management report. In our opinion, our audit provides a sufficiently secure basis to issue an opinion.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS applicable in the EU and the supplementary applicable regulations under commercial law according to Section 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with these regulations. The consolidated management report agrees with the consolidated financial statements, imparts an overall accurate impression of the group's position and gives a true and fair view of the opportunities and risks associated with future developments.

Dortmund, 16 March 2016

DOSU AG
Wirtschaftsprüfungsgesellschaft

Dirk Schulte-Uebbing	Jens Landfeld
German public auditor	German public auditor

ORGANE DER GESELLSCHAFT

Vorstand



Michael Kenfenheuer

CEO

Michael Kenfenheuer (born in 1958) is a member of the Executive Board and responsible for the departments Banking, Health and Insurance. In the Executive Board of adesso he is furthermore in charge of the adesso shareholdings adesso insurance solutions GmbH, ARITHNEA GmbH, A3A Strategy Consulting GmbH, e-Spirit AG, gadiv GmbH, phb services GmbH and PSLife GmbH. He was appointed as a member of the adesso AG Executive Board for these responsibilities in 2000. With his many years of business management and project management experience, Michael Kenfenheuer is having a major impact on the development and expansion of the company's network of technical and industry experts. From 2011 to mid- 2015 Michael Kenfenheuer was the Co-Chairperson of adesso AG. Since 1 July 2015 he assumes the Chairmanship.



Christoph Junge

Member of the Executive Board

Christoph Junge (born in 1970) is a member of the Executive Board and responsible for Finance, Human Resources, Administration and Legal Affairs also Mergers & Acquisition. He is furthermore in charge of the adesso shareholdings alleato assekuranzmakler GmbH and percision services GmbH and CFO of e-Spirit AG. Before he was appointed as a member of the BOV AG (now adesso AG as the result of a merger) Executive Board in May 2005, he helped shape the company's business operations as Director of Finance and Company Development.



Andreas Prenneis

Member of the Executive Board

Andreas Prenneis (born in 1965) is a member of the Executive Board and responsible for adesso's automotive & transportation, cross industries, public administration, IT management consulting and energy sector business and is furthermore in charge of the adesso shareholdings adesso hosting services GmbH und adesso mobile solutions GmbH. He was appointed as a member of the adesso AG Executive Board for these responsibilities in 2015. Andreas Prenneis joins adesso from CompuGroup Medical Germany, where he managed a number of business areas in his role as Area Vice President Telematik & AddOn.

Aufsichtsrat

Prof. Dr. Volker Gruhn

Chairperson of the Supervisory Board



Prof. Dr. Volker Gruhn (born in 1963) was a co-founder of adesso AG in 1997 and is now the Chairperson of the Supervisory Board. He is Head of the Software Engineering Department at University of Duisburg-Essen. His main researches focus on mobile applications and the examination of the effects of digital transformation, especially the development and operation of cyber physical systems. Prof. Dr. Gruhn is the author and co-author of more than 300 national and international publications and conference contributions. The BIPRO initiative is an association of finance companies that aim to optimize cross-company processes by developing functional and technical standards.

Further mandates in Supervisory Boards:

Besides being the chairperson of the Supervisory Board of adesso AG, Prof. Dr. Gruhn is a member of the Supervisory Board of e-Spirit AG, Dortmund.

Dr. Friedrich Wöbking

Member of the Supervisory Board (Vice-Chairperson)



Dr. Friedrich Wöbking (born in 1950) is a declared expert on information technology and the banks and insurance industries. He was member of the Executive Board at Dresdner Bank AG between 2003 and 2009 and took responsibility for the IT Services and Operations department. Previously, during the 1990s, he was member of the Executive Board at Allianz Versicherungs-AG/Allianz Lebensversicherungs-AG and Deutsche Versicherungs-AG where he was head of the Private Customer Business department as well as head of the departments IT and e-Business. Wöbking owns a doctor's degree in Information Technology and Mathematics and currently runs FW ADVISORY Management Beratung.

Prof. Dr. Gottfried Koch

Member of the Supervisory Board



Prof. Dr. Gottfried Koch (born in 1951) is a professor of insurance IT and member of the management board of the IT institute at Leipzig University. Before he took up the professorship in 1998, he worked at Helvetia insurance group in St. Gallen and Frankfurt, and was also active as a freelance consultant. In addition, he was managing director of FJA AG in Austria and Switzerland until 2000. He studied at the German Insurance Academy in Cologne, at Goethe University in Frankfurt, and at the University of St. Gallen, where he also received his doctorate. Having initially trained as an insurance clerk, he started his career at Frankfurter-Allianz Versicherungs AG.

Hermann Kögler

Member of the Supervisory Board



Hermann Kögler (Born 1955) is Director of Finance/Controlling and Spokesman of the Board at COGNOS AG, one of the biggest privately-owned, independent education groups in Germany. After studying Business Administration at the University of Cologne, he began his career as a self-employed wholesaler. He later held a number of senior management positions, including those at the Otto Wolff Group and Rhenus AG. In early 1996 he moved to the international steel distributor Klöckner & Co., where he was an executive until 2001, most recently as Director of Finance/Controlling. Before he joined COGNOS AG in 2004 the graduate business administrator worked as a consultant and interim manager.

Further mandates in Supervisory Boards:

Besides being the chairperson of the Supervisory Board of adesso AG, Hermann Kögler is a member of the Supervisory Board of HHL gemeinnützige GmbH, Leipzig, Graduate School of Management.

Heinz-Werner Richter

Member of the Supervisory Board



Heinz-Werner Richter (born in 1951) has been a member of the management board of Barmenia Versicherungen from 1996 to 2013 and was responsible for the IT and mathematics divisions in the health and life insurance sectors. Additionally, he was a member of the management board of the German actuarial association for many years as well as a member of numerous bodies within the German Insurance Association, and the association of private health insurers. Today, Mr. Richter works as an actuarial trustee for private health insurers and performs an advisory function in IT projects. Before starting his career at Barmenia in 1977, Heinz-Werner Richter studied mathematics and informatics at the University of Bonn where he graduated with a degree in mathematics.

Rainer Rudolf

Member of the Supervisory Board



Rainer Rudolf (born in 1962) co-founded adesso AG in 1997 and led the company as CEO until the end of 2010. In this capacity, he was responsible for the management of the entire company until 2007, which comprised all business and administrative activities in addition to the company's HR and legal teams. His contribution played a major role in shaping adesso AG's solid economic growth and progress. Since stepping down from the Management Board on September 30, 2011, Rainer Rudolf, who holds a degree in IT, has been managing director of Stock Informatik GmbH & Co. KG in Fröndenberg.

Further Mandates in Supervisory Boards:

Besides being a member of the Supervisory Board of adesso AG, Rainer Rudolf is member of the Supervisory Board of jCatalog Software AG, Dortmund.

GLOSSARY

Commercial terminology

Account clearing

The accumulation of the balances of various bank accounts in a target account, taking account of defined minimum levels. This produces a balance of available liquidity in the target account, which is used for various forms of investment.

Benchmark

Benchmarking describes comparative analysis on the basis of set reference values (benchmarks).

Cash flow

Cash flow is an economic measure that represents the net flow of liquidity resulting from sales and other continuing activities in a certain period.

Cash management

Cash management and liquidity management are terms used in commercial finance management. Cash management includes all measures relating to the current financial planning of a company

Cost of materials ratio

The cost of materials ratio represents the relationship between expenditure on materials and services and turnover. It is expressed as a percentage.

The DACH region

DACH is an acronym comprised of abbreviations of the German names of the countries in the region: Germany (D), Austria (A), and Switzerland (CH). The term is usually used to refer to the German speaking economic area.

Discounted cash flow method

The DCF method is used to determine the value of companies. Future cash flow is discounted by taking into account the cost of capital on a reporting date.

EBITDA

Earnings before interest, taxes, depreciation and amortisation.

EBITDA margin

The ratio of EBITDA to sales. The EBITDA margin is a measure of a company's productivity and is independent of its income from financial assets, extraordinary items, and taxes.

Factoring

Factoring is a financial service used to finance current sales. The factor purchases the accounts receivable of its factoring client vis-à-vis a debtor. In exchange for the accounts receivable the factor pays the factoring client the value of the receivable immediately.

Forecast

A forecast is a projection used in budget planning. During the progress of a period, forecasts are used to update expectations for the period compared the original budget.

Free float definition (of Deutsche Börse)

Deutsche Börse's definition for the classification of free floating and fixed share holdings. An example can be found in the "Guide to the Equity Indices of Deutsche Börse".

FTE

Abbreviation of Full Time Equivalent. The FTE value is used to compare the relative staffing levels of a company and as a basis for calculations; the FTE value is used to convert figures regarding absolute staffing levels to their equivalent in terms of full-time positions. For example, two 50 % contracts would be counted as one employee, even if two different individuals are employed.

German Corporate Governance Code

The German Corporate Governance Code (often shortened to DCGK) is a system of regulations established by a commission of the German Federal Government. It is primarily composed of guidelines regarding good corporate governance, including ethical employee behaviour and the leadership of companies and organisations.

Goodwill

Goodwill is the amount a purchaser is prepared to pay for a business or company with regard to its expected future earnings (= earnings value) above the value of individual assets after the deduction of debts (= net asset value).

Gross domestic product (GDP)

The value of all goods and services produced by an economy, as defined by its territorial border, within a given year. GDP includes the services of foreigners working in a country, whereas the services of natives working abroad are not included.

Gross profit

Gross profit is the difference between a company's revenue and its expenditure on goods and services.

IAS International Accounting Standards

See IFRS

IASB

The International Accounting Standards Board (IASB) is an independent international committee of legal experts which is responsible for the development, and where required, the revision of the International Financial Reporting Standards (IFRS).

IFRS

The International Financial Reporting Standards (IFRS) is a set of international standards used by organisations when reporting their financial results. They include the standards of the International Accounting Standards Board (IASB), International Accounting Standards (IAS), the International Accounting Standards Committee (IASC), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC).

Impairment Test

An impairment test is a mandatory test used to evaluate fixed assets. The accounting regulations US-GAAP and IFRS call for the periodic evaluation of possible indicators of sustained loss of value.

IT terminology

Percentage of completion method (PoC)

A method for estimating the progress of an assignment. This method allows the costs incurred during an assignment to be allocated to the revenue from the assignment according to the progress made. This produces a picture of expenses, revenue and results as regards the progress made.

Second-tier subsidiaries

Subsidiaries of subsidiaries are described as second-tier subsidiaries from the perspective of the group.

Working capital

Working capital refers to the difference between current realisable assets (those that can be liquidated within a year) held by a company and its current liabilities. It is the portion of current assets which are not tied up in covering current liabilities, and can therefore be “put to work” in purchasing, production, and working processes.

Xetra trading

Xetra is an electronic trading system operated by Deutsche Börse AG for the spot market. Its central servers are located in Frankfurt.

BITKOM

The Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V. (the German Federal Association for Information Technology, Telecommunications and New Media) is the mouthpiece of the German IT, telecommunications and new media industries. BITKOM represents more than 2,300 companies.

Content solutions

In the context of its expansion strategy, adesso is developing a portfolio of solutions. The focus is on functions that are of interest to a large number of clients in the same or similar form, and can therefore be marketed as a solution. adesso's Content Solutions include solutions for the generation and management of content.

Enterprise Content Management

Enterprise Content Management (ECM) includes the methods and technologies and tools used to collect, manage, save, protect, and provide content and documentation for the support of organisational processes in a company.

FirstSpirit

The name of content management system produced by the adesso subsidiary e-Spirit AG.

Internet of Things

The term Internet of Things or in brief IoT describes that conventional personal computers (PC) are increasingly disappearing as a device and replaced with “smart objects”. The “Internet of things” is meant to support people unnoticeably in their everyday activities. For this purpose, computers/sensors become smaller and smaller to be embedded in objects. Hence, they neither distract the users nor being noticed at all. They serve to collect and to process data, can be networked to communicate or initiate useful processes.

Mobile solutions

In the context of its expansion strategy, adesso is developing a portfolio of solutions. The focus is on functions that are of interest to a large number of clients in the same or similar form, and can therefore be marketed as a solution. adesso classes all solutions that help make information, content and applications remotely accessible as mobile solutions.

Out-of-the-box solution

An out-of-the-box solution in Computer science refers to a software or hardware component, which is ready-to-use after installation without further adjustment. It is available immediately.

Release

The finished and published version of a software is referred to as release. A change in the Release is accompanied by a change of the version name, usually counting up the version number.

Template

In the IT-Business Templates refer to a predefined piece of software code. Usually it only has to be slightly modified or filled with content before usage. This typically results in time savings or ease of use.

Time to Market

The term time to market (short TTM) means the period from product development to the product's market placement. In this period the product produces costs, but it generates no sales. A short time to market is usually seen as a competitive advantage because the product can be sold initially at the market without direct competitors.

FINANCE CALENDAR

<i>Date</i>	<i>Event</i>
2016-02-17	Small & Mid Cap Conference of ODDO SEYDLER BANK AG, Frankfurt/Main
2016-03-11	Bryan, Garnier & Co TMT Conference, Paris
2016-03-24	Publication of the 2015 annual report, financial press / analyst conference, Dortmund
2016-04-21	11 th FCF Family-to-Family Day of the FCF Fox Corporate Finance GmbH, Munich
2016-05-09	7 th DVFA Spring Conference, Frankfurt/Main
2016-05-13	Interim announcement of the group within the 1st half-year
2016-05-31	Regular ASM, Dortmund
2016-08-26	Publication of the 2016 half-year figures
2016-11-14	Interim announcement of the group within the 2nd half-year
2016-11-21/23	German Equity Forum/One-on-Ones, Frankfurt/Main

IMPRINT

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