

Interim announcement for the third quarter of 2016

adesso AG: Positive development continues with successful third quarter in 2016/Guidance increased for the year overall

- Q3 with new record values for sales (EUR 69.6 million) and EBITDA (EUR 7.7 million)
- Sales after nine months: +34% to EUR 188.4 million
- EBITDA after nine months: +73% to EUR 16.6 million
- Earnings per share after nine months: EUR 1.34 (previous year: EUR 0.64)
- Sales and EBITDA forecast increased for the year overall

Dortmund, 1 December 2016 – adesso AG further increased its sales revenues in the third quarter of 2016 compared to the prior quarter and the previous year. Growth drivers are the core business with consulting and custom software development for customers in Germany and Switzerland, the expansion of own insurance software products and the smarthouse acquisition. Operating earnings reached a new high thanks to good capacity utilisation, profitable projects and licensing proceeds.

Business development in the third quarter

In the third quarter, adesso increased its sales for IT consulting, software development and licensing for own products by 31% (thereof 21% organic) compared to the previous year for a total of EUR 69.6 million, thereby setting a new quarterly record. Employee growth through new hires led to rising sales revenues in the IT Services segment in Germany and Switzerland. Licensing sales in the IT Solutions segment continued to increase compared to the previous quarter. Further growth was generated in the development and project business as well as licensing sales for the insurance software insure. Two new contracts for the implementation of the content management system FirstSpirit were signed in the USA in September, generating revenues over several years through software-as-a-service (SaaS).

The number of employees in the adesso Group increased by 5% or 102 to 2,075 compared to 30 June 2016 as the result of new hires, so that the fast pace of organic growth continued in the third quarter.

Results of operations in the third quarter

Good capacity utilisation, higher licensing proceeds compared to the previous quarter and profitable fixed-price projects led to a further increase in results of operations in the third quarter at EUR 7.7 million compared to the prior quarter and previous year (EBITDA Q2/2016: EUR 5.1 million and Q3/2015: EUR 5.4 million). The EBITDA-margin was 11.0%. The smarthouse acquisition contributed EUR 1.0 million to results of operations in the third quarter. The business volume related to the development and implementation of adesso's insure products for insurers was profitably increased. Unusually high costs at EUR 1.9 million were incurred in the third quarter for provisions for non-current, share-based compensation (Q1/2016: EUR 0.3 million and Q2/2016: EUR 0.5 million); this was due to the significant share price increase in Q3.

Depreciation and amortisation rose to EUR 1.8 million in the third quarter (after EUR 1.5 million in the previous quarter) as a result of growth and the first full quarter of the purchase price allocation of the smarthouse acquisition.

With a pre-tax profit of EUR 6.1 million, a consolidated profit of € 4.2 million and earnings per share of € 0.69, new quarterly highs were achieved.

Nine-month overview

Sales in the first nine months of 2016 increased by 34% to EUR 188.4 million compared to the prior-year level. Of this sales increase, 20% was organic due to the acquisition of new customers, higher sales to existing customers and expanding the product portfolio. Services related to the development of additional industry solutions for the adesso insurance solution insure and for ongoing implementation projects and licenses increased significantly compared to the previous year; the number of employees in this area is growing continuously. Other growth drivers are the acquisition of Born Informatik (included effective as of July 2015) and smarthouse (included effective as of May 2016).

Thanks to the decreased involvement of external parties in projects, gross profit at 36% grew faster than sales. Personnel costs increased by 37% to EUR 123.2 million due to higher variable remuneration and the cost of non-current, share-based compensation. The increase in other operating expenses on the other hand was disproportionately low at 16% for a total of EUR 30.5 million. Operating earnings (EBITDA) for the first nine months came in at EUR 16.6 million (previous year: EUR 9.6 million). Depreciation and

amortisation rose from EUR 2.6 million in the previous year to EUR 4.2 million, of which EUR 1.0 million from the smarthouse purchase price allocation.

Earnings before taxes are EUR 12.4 million (previous year: EUR 7.2 million) and consolidated earnings are EUR 8.2 million (previous year: EUR 4.0 million). Earnings per share are EUR 1.34 (previous year: EUR 0.64).

Additional performance figures and information

adesso holds liquid assets of EUR 15.8 million as at 30 September 2016 (previous year: EUR 18.0 million; 31 December 2015: EUR 28.2 million). On 30 September 2016 the interest-bearing financial liabilities amounted to EUR 44.5 million as a result of acquisitions, compared with EUR 23.5 million in the previous year. Liquid assets are expected to increase in the fourth quarter due to positive cash flow from operations.

Thanks to the acquisition of SP Integration GmbH (focusing on Microsoft technologies and new customer access in the greater Frankfurt am Main region) as well as flitcon GmbH (business intelligence, especially in the insurance sector), the corresponding divisions of the adesso Group have grown by a total of 45 employees with initial contributions to results. Plans are in place to merge both companies with adesso AG in the near future. After increasing the holdings of adesso AG from 70% to 100%, PSLife Consulting GmbH will be merged with adesso insurance solutions GmbH to bundle all activities and know-how related to the adesso insurance solution inlsure. This reduces the minority interests in the fourth quarter, hence the share of the consolidated earnings attributable to adesso shareholders will be higher.

Outlook

Good capacity utilisation during the third quarter is extending into the fourth quarter. As a result of acquisitions during the year, the forecast for 2016 overall was increased to EUR 252 to 262 million in sales (previously EUR 231 to 243 million) and to EUR 20 to 24 million for EBITDA (previously EUR 17.0 to 19.5 million).

These and additional figures for the third quarter and the first nine months of 2016 will be available in table form on the adesso website under Investor Relations: <http://www.adesso-group.de/en/investorrelations/>.

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