



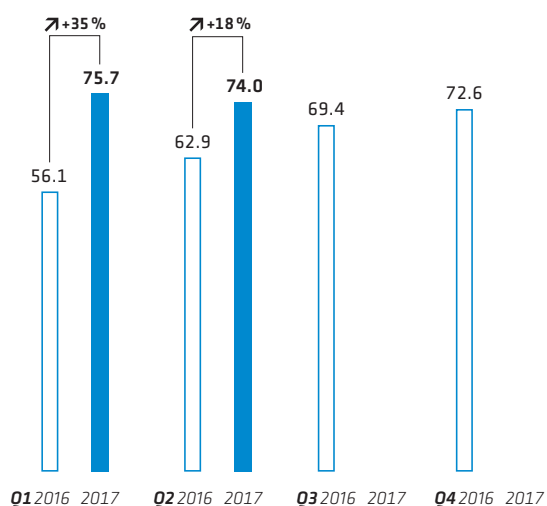
HALF-YEAR REPORT 2017

A DISPOSITION FOR SUCCESS

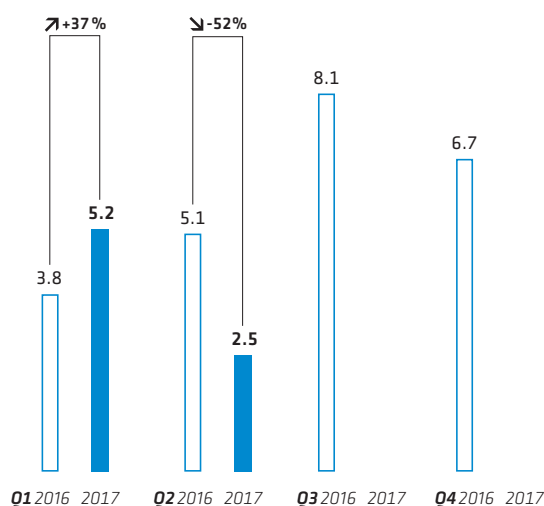
KEY FIGURES

<i>in EUR k</i>	1st HY 2017	1st HY 2016	Change	<i>in %</i>	Q1/2017	Q2/2017	Q2/2016
PROFIT SITUATION							
Sales revenues	149,640	118,999	30,641	26	75,650	73,990	62,927
domestic	119,157	90,771	28,386	31	63,066	56,091	49,638
foreign	30,483	28,228	2,255	8	12,584	17,899	13,289
EBITDA	7,611	8,896	-1,285	-14	5,150	2,461	5,125
EBITDA margin (in %)	5.1	7.5	-2.4	-32	6.8	3.3	8.1
Consolidated earnings	2,212	3,956	-1,744	-44	2,223	-11	2,504
BALANCE SHEET							
Balance sheet total	184,575	146,333	38,242	26	192,544	184,575	146,333
Equity	58,459	38,872	19,587	50	60,533	58,459	38,872
Equity ratio (in %)	31.7	26.6	5.1	19	31.4	31.7	26.6
Liquid assets	28,144	14,976	13,168	88	38,668	28,144	14,976
Net cash position	-17,667	-28,808	11,141	-39	-7,042	-17,667	-28,808
EMPLOYEES							
Employees (FTE)	2,448	1,973	475	24	2,285	2,448	1,973
domestic	2,181	1,725	456	26	2,035	2,181	1,725
foreign	267	248	19	8	250	267	248
Gross profit/Employees	112	117	-5	-4	116	107	118
SHARE							
Number	6,174,203	5,873,736	300,467	5	6,167,423	6,174,203	5,873,736
Price at the end of the the period (in EUR)	54.20	26.50	27.70	105	53.45	54.20	26.50
Market capitalisation at the end of the period (in EUR m)	334.6	155.7	178.9	115	329.6	334.6	155.7
Earnings per share (in EUR)	0.36	0.65	-0.29	-45	0.37	-0.01	0.41

GROWTH IN SALES (PER QUARTER)

in EUR m

EBITDA DEVELOPMENT (PER QUARTER)

in EUR m

MISSION STATEMENT

adesso optimises companies' core business processes with the targeted use of information technology. We offer customers expert consulting based on our in-depth industry knowledge and use our technical knowhow to develop customised software solutions. For a defined set of operational tasks adesso provides innovative solutions and products.

As an independent partner, we aim to help our customers make the most of their business potential while retaining flexibility in the future.

ADESSO IS TURNING 20! A DISPOSITION FOR SUCCESS

In 2017, adesso is able to look back on a 20-year history of success. On the occasion of our founding jubilee, we asked ourselves, if it is even possible to learn how to be successful. Or is business success for the most part the result of a company's original disposition, its founding principles and the talent it recruits?

Even if we do not have a patented recipe for successful company development, we think that it is not without reason that adesso's genetic disposition has managed to uphold our business model for more than 20 years, and we believe that it will continue to assist us in years to come. In this regard our fundamental components are of most importance, such as our focus on employees and customers, the way that we combine research, teaching and practice, and the expertise that this gives rise to, but also our special company culture.

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INVESTOR RELATIONS

The Share

First Half of the Trading Year 2017 – General Conditions

The first half of trading year 2017 was relatively calm compared to the volatility of past years. After a slow start with markets treading water, the selective indices began an upward trend in the second week of February that lasted through to June. This was primarily due to positive economic prospects and the significant fall in assumed political risks for Europe. The protectionist policies of the new US president had been viewed as posing a risk, but the outcome of elections in the Netherlands and France – when populist parties failed to grasp power – improved sentiment on the markets again. Against this backdrop, the DAX was up by 12 % on its closing price at the end of 2016 at times and closed trading above 12,800 points on multiple occasions. However, shortly afterwards it consolidated. Investors evidently believed that the high price level posed the risk of a slump. The index reached a new all-time high at 12,952 points on 20 June 2017, but there was a significant downturn in sentiment to the end of the half-year period with investors anticipating a tightening of monetary policy in the eurozone and the price of the euro rising sharply against the US dollar. At the end of the period, the DAX closed at 12,325 points and was up by 7 % compared to the start of the year. The MDAX performed a little better over the first half of the year, rising by 10 %. The worst performer of 2016, the TecDAX, declined by 1 % in 2016, but enjoyed a much better first half of 2017 and climbed by 21 %.

Development of adesso Shares

With a price increase of 18 % compared to the closing price at the end of 2016, the adesso shares outperformed both the DAX and the MDAX in the first half of the year but fell short of the performance of the TecDAX reference index for the first time since the end of 2012. The TecDAX outperformed adesso shares by 3 percentage points in the first half of the year. On 30 June 2017, the adesso shares closed at EUR 54.20, after having achieved a record closing price of EUR 62.80 on 31 May 2017. In intraday terms, the

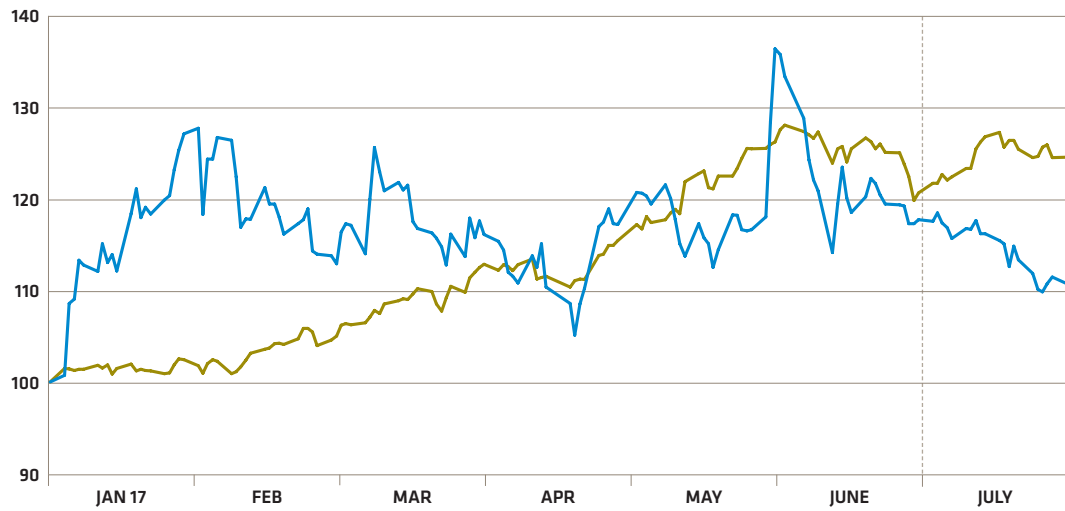
shares actually rose even higher to EUR 63.81 on the same day.

adesso shares started the year on the right foot: The shares only rose by 1 % compared to the end of 2016 on the first day of trading, but then did not fall below this price of EUR 46.39 throughout the entire first half of 2017. adesso shares rose by almost 8 % on the very next day, with trading volumes high, after a major insurer announced that it would be introducing an adesso software product for its life insurance division. The announcement of another order and consistently high trading volumes, including as a result of adesso's presentation at a capital market conference in France, saw the price of adesso shares rise by 28 % compared to the start of the year on 30 January 2017 to EUR 58.80. At this point, the adesso share was outperforming the TecDAX and other selective indices by 26 percentage points. However, as trading volumes decline, the adesso shares were unable to maintain this level due in part to profit taking. In spite of positive analyst assessments following a further corporate acquisition and some significant price jumps in both directions, the price of the adesso shares fell to EUR 51.99 on the final day of February. Without any further momentum, March was a relatively volatile month for the adesso share. Closing prices fluctuated in a range of almost EUR 6 from EUR 51.93 to EUR 57.84. The shares therefore treaded water while other indices performed well and made up the lost ground. Following the postponement at short notice of the adesso AG balance sheet press conference and analyst conference by a couple of days and the downturn in sentiment caused by the presidential elections in France, adesso shares fell by 10 % while the TecDAX dropped by some 4 percentage points at the same time. However, the share price recovered quickly after the publication of strong group and year-end figures on 21 April 2017. In fact, in just 7 trading days it rose by over 11 %, from EUR 49.89 to EUR 53.96 on the final day of April. Without experiencing any further momentum, the adesso share price was unable to

DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE TECDAX

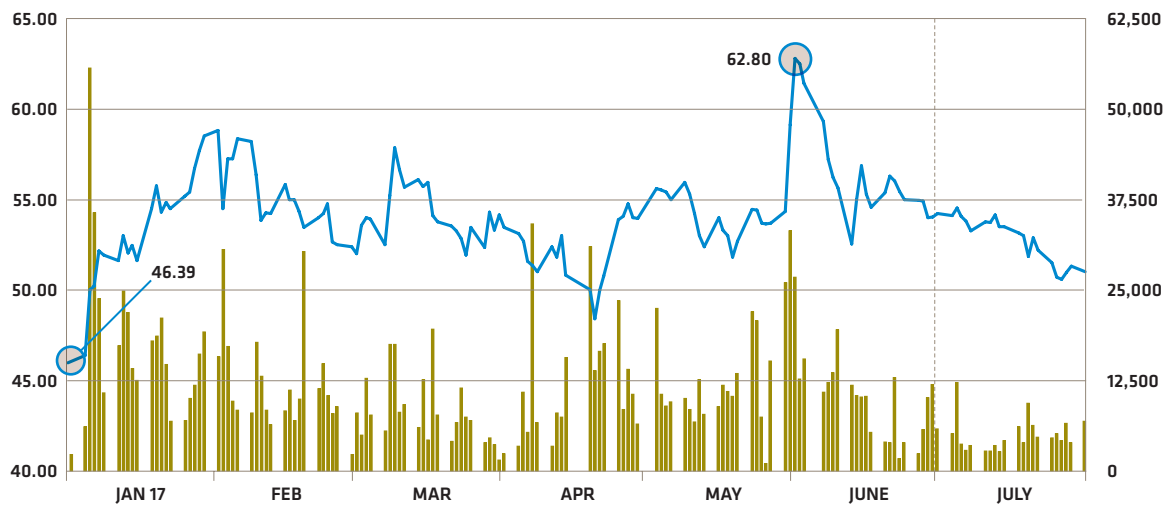
indexed

■ adesso AG ■ TecDAX



DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

in EUR/trading volumes in shares



strike out in any direction until the publication of the first-quarter figures on 26 May 2017. Bolstered by the noticeable rise in trade volumes at the end of May, the share price made another breakthrough on the day of the Annual Shareholders' Meeting on 30 May 2017, closing the day up at almost 9 %. A further 6 % price increase on the subsequent day helped the share achieve a new high for the half-year period of EUR 62.80 and match its previous all-time high closing price. At this point, the adesso share price had increased by over 36 % in 2017 and was outperforming the TecDAX by 10 percentage points. Profit taking and a lack of further momentum saw the share price slide back down in June – with trading volumes also falling –, closing the half-year period at EUR 54.20 and up 18 % on the close of 2016. The reference index, the TecDAX, was able to reinforce much of its growth and closed the period up 21 % on the start of the year.

adesso's market capitalisation increased by 18 % from EUR 283.7 million to EUR 334.6 million in the first half of 2017. The average monthly volume of adesso shares traded in the first half of the year was EUR 18.8 million, an increase of 343 % in trading volume compared to 2016 as a whole. In the first half of the year, an average of 16,495 shares were traded each day, a rise of 183 % compared to 2016. The strongest trading day was 3 January 2017, with 70,302 shares traded, of which 55,661 via Xetra. On average, the number of adesso shares traded per month amounted to 346,403.

The German benchmark indices recovered at the start of the second half of the year and had returned back to the level from before their previous setback by mid-July. However, sentiment turned bleaker once again in the second half of July – particularly affecting the DAX. The euro continued to rise in value compared to the dollar, and so investors saw their export forecasts at risk. Elsewhere, the scandal surrounding the manipulation of diesel cars spread to other German automotive manufactures and culminated in allegations of a cabal. The escalation in the North Korea crisis also had a negative effect, neutralising the recent recovery by the benchmark indices. Only the TecDAX managed to remain relatively stable. adesso shares were unable to recover and lost further ground in

July against the backdrop of relatively low trading volumes. By the end of July, the adesso share price was level with the MDAX at 11 %, up on the close of 2016. The DAX was only up by 6 % over the same period, while the TecDAX extended its advantage by rising to 25 % compared to the start of the year.

Capital Measures

Share capital rose from EUR 6,167,423 to EUR 6,174,203 in June 2017, after 6,780 stock options from the company's stock option programme were exercised.

Dividends

The Annual Shareholders' Meeting of 30 May 2017 approved the proposal of the Executive Board and Supervisory Board regarding the appropriation of net income and resolved to increase the dividend by 20 % to EUR 0.36 per share. The dividend was credited to shareholders' custodian accounts from 2 June 2017.

Shareholder Structure

The largest shareholder of adesso AG, with 27.9 % of the voting rights, is Prof. Dr. Volker Gruhn, who holds his shares indirectly via the Setanta GmbH investment company. Prof. Dr. Volker Gruhn is the Chairman of the Supervisory Board of adesso AG and its co-founder. The other co-founder, former member of the Executive Board Rainer Rudolf, who has been a member of the Supervisory Board since 2013, holds the second-largest share of the voting rights – 17.6 %. adesso AG's Supervisory Board holds 45.9 % of the company's share capital, while its Executive Board holds 0.7 % of the share capital. The majority of the assigned voting rights, 76.2 %, are held by private investors. Another 12.2 % is held by institutional investors. The remaining 11.6 % of the company's shares cannot be clearly assigned to a specific class of investor. According to Deutsche Borse AG's definition, the free float is 44.1 %. The level of free float has increased by 0.7 percentage points compared to the figure in the Annual Report 2016 as a result of the exercising of stock options from the company's stock option programme, the expiry of lock-up agreements and changes to the portfolio of one shareholder part of the fixed shareholders investor group.

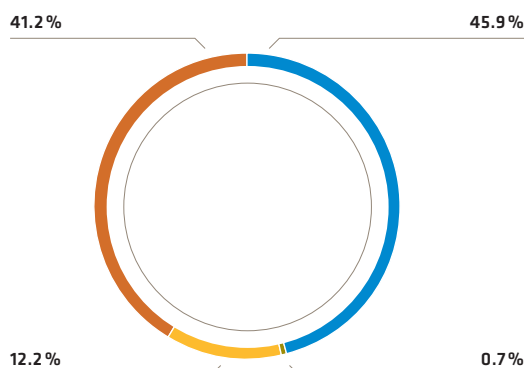
The following table shows the most important share data for the first half year of 2017 per quarter:

SHARE DATA

	Q1	Q2	1st HY 2017
Price at the end of the period	53.45	54.20	54.20
Development (in%)	16	18	18
Development of TecDAX (in%)	13	21	21
Highest price in EUR	58.80	62.80	62.80
Lowest price in EUR	46.39	48.41	46.39
Volatility (90 days at the end of the quarter in%)	34.3	27.8	27.8
Trading volumes in shares per trading day	17,064	15,889	16,495
Trading volumes in EUR per trading day	920,590	865,978	894,151
Number of shares	6,167,423	6,174,203	6,174,203
Market capitalisation in EUR million	329.6	334.6	334.6

SHAREHOLDER STRUCTURE

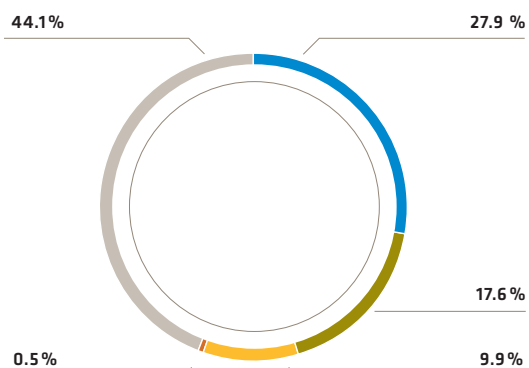
in %



■ Supervisory Board ■ Executive Board
 ■ Institutional Investors ■ Other

SHAREHOLDERS

in %



■ Prof. Dr. Volker Gruhn (Setanta GmbH)* ■ Rainer Rudolf*
 ■ Ludwig Fresenius ■ Shares subject to lock-up
 ■ Freefloat * Supervisory Board

Investor Relations Activities

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

In the first half of 2017, adesso AG and its equity story was presented at three capital markets conferences in Germany and at a conference in France. Relations with analysts and professional investors were also strengthened in numerous one-to-one mee-

tings. Another conference is planned in the second half of the year, with adesso once again attending the German Equity Forum in Frankfurt, Europe's largest capital markets event for corporate financing. A roadshow with investor meetings abroad and other events are also being planned.

Analyses/Research

Since the publication of the base study in October 2016, adesso AG shares are now also assessed regularly by Warburg Research in the form of updates and comments. Valuations continue to be published by independent analysts from SMC Research, which has been tracking the progress of adesso since May 2013. As part of the merger of WGZ Bank with DZ BANK, the newly formed DZ BANK continued its coverage of adesso AG, which began in May 2012, from August 2016. DZ BANK is publishing a new

BASIC SHARE DATA

			1st HY 2017	1st HY 2016
ISIN Code	DE000A0Z23Q5	Number of shares at the end of the period	6,174,203	5,873,736
WKN (national security identification number)	A0Z23Q	Xetra closing price at the end of the period (EUR)	54.20	26.50
Symbol/Code	ADN1	Market capitalisation at the end of the period (EUR million)	334.6	155.7
Reuters Instrument Code	ADNGK.DE	Earnings per share (EUR)	0.36	0.65
Bloomberg Symbol	ADN1:GR	Cash flow per share (EUR)	-0.56	-0.28
First day of trading	21 June 2000	P/E Ratio	150.6	40.8
Trading platforms	Xetra	Price-To-Cash-Flow Ratio	-97.0	-94.2
Market segment	General Standard			
Number of shares	6,174,203			
Currency	EUR			
Nominal value	No share with nominal value: EUR 1.00 (mathematically)			
Share capital	6,174,203 €			
Voting rights per share	1			
Index	CDAX, DAX International Mid 100, DAXsector All Software, DAXsubsector All IT-Services, General All-Share, General Standard Index			
Reporting standard	IFRS			
End of financial year	31 December			

base study in 2017 after the change in analysts. The most-recent updates from the other analysts were published in May and June 2017. The analyst at Warburg Research recommends buying, with a price target of EUR 63.00 (29 May 2017). SMC Research recommends holding the adesso shares with a price target of EUR 65.30 (6 June 2017).

Contact:
 Martin Möllmann
 Manager Investor Relations
 T +49 231 7000-7000
 F +49 231 7000-1000
 E ir@adesso.de

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.

RECOMMENDATIONS FROM THE FINANCIAL MEDIA AND ANALYST'S OPINIONS

Date	Subject/ Recommendation	Evaluation	Source
2017-07-06	adesso: Still refreshingly energetic	[...] After the successful first quarter we expect adesso to exceed the forecasts for the year as a whole and therefore again a rising stock price, even if the Management Board is still cautious.	Nebenwerte Journal
2017-14-06	adesso: Appropriate assessment	Recommendation on 02.11.16, issue 45/16, price at time of recommendation 39.10 €, current price 56.67 €, +/- in% +44.94, new stop 48.17 €	Focus Money
2017-06-06	Hold	Target price: EUR 65.30	SMC Research
2017-06-02	Strong start to the year	[...] The adesso share should soon resume the upward trend. A jump over the resistance zone between 57.50 and 59.00 euros would generate a new purchase signal. Target: 72,00 € / stop: 41,00 €	Der Aktionär
2017-05-29	Buy	Target price: EUR 63.00	Warburg Research
2017-04-26	Profit dynamics must grow again	[...] The management expected lower growth rates in 2017 (excluding acquisitions). Revenue is planned with 270 to 300 and the EBITDA with 27 Mio Euro, so that the PER of 23 will be justified only when earnings per share of 2.70 Euro is obtained in 2018. Then, the stock price will gain momentum.	Nebenwerte Journal Extra
2017-04-21	Buy	[...] Boersengefluester.de generally keeps its recommendation to buy the Adesso share. Too big is the urge to rise. In the area above 60 euros boersengefluester.de sees the lights changing from green to yellow - at least based on the current prospects. As a result, we would postpone new engagements from this level.	boersengefluester.de
2017-03-09	Favorites for conservative investors - shares in the focus	The IT service provider adesso is an earnings machine. Current rate: 53.99 € / Rate potential: 63.00 €.	Effecten Spiegel
2017-01-25	adesso continues to grow after capital increase	[...] The EPS is expected in 2017 in the range of 2.15 euros. This results in a price ratio of 26. Since the growth rate should not end in 2017, this value is also justified. Buy up to 56 euros. Stop high at 45 euros.	Platow Börse

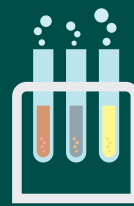


GROUP MANAGEMENT INTERIM REPORT

10

GROUP MANAGEMENT INTERIM REPORT

- 12 // Group Principles
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- 17 // Subsequent Events
- 17 // Forecast, Opportunities and Risk Report



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 into targeted business development, the expansion of sales capacities, recruiting and marketing. These investments, coupled with extensive industry and consulting expertise, enable growth rates that exceed the industry average by far. adesso is a leading technology company in the field of software development, which invests more than average in the training and development of its workforce and in the ongoing development of its own model for the software development process.

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

The company's strategy in the first half of 2017 remained largely unchanged compared to the disclosures in the Annual Report 2016. Investments and

activities related to own products geared towards the insurance industry are currently a core part of that strategy. The number of locations and new hires in Germany continued to increase significantly, which had a noticeable negative effect on earnings. Aside from the changes presented in Investments and Company Acquisitions, and particularly the acquisition of UnitCon GmbH, there were no major changes in the corporate structure or organisation in the first half of 2017. There were no changes in the composition of the adesso AG Executive Board in the reporting period.

Employees and Structure

The structure and management systems remained largely unchanged in the first half of 2017, compared to the disclosures in the Annual Report as of 31 December 2016. Changes pertaining to headcount and the scope of consolidation are detailed in the Economic Report and/or the Consolidated Notes. Headcounts continued to rise at many different locations and across a number of business areas, with the number of employees rising to more than 2,400 by the end of the period.

Research and Development

Research expenses are negligible in relation to group expenses. adesso does not have its own dedicated research department.

Please refer to the Group Management Report as of 31 December 2016 for further details. These disclosures continued to apply in the reporting period.

ECONOMIC REPORT

Macroeconomic Climate and Industry-specific Conditions

In its spring forecast, issued on 26 April 2017, the German federal government increased the annual guidance it issued in January slightly, by 0.1 percentage point, and now expects gross domestic product growth (adjusted to account for changes in price levels) of 1.5 % in 2017. It predicts growth of 1.6 % in 2018. The German economy is in very good shape. It has maintained its solid and constant growth in a global environment characterised by uncertainty. The slight acceleration of the upswing in the German economy in the first quarter, in which gross domestic product (GDP) grew by 0.7 %, continued in the second quarter of 2017 with slightly lower growth of 0.6 %. The initial calculations of the Federal Statistical Office published on 15 August 2017 confirm current economic indicators in this regard. Economic sentiment was excellent through to June. Following an increase in investment in the first quarter, the upturn in the second quarter again appears to be somewhat more strongly driven by private consumer spending. The good situation in the labour market and significant increases in employment have resulted in a solid domestic economy. The rate of expansion in the global economy has solidified, and global trade, in particular, has increased since autumn 2016. The OECD therefore increased its forecast slightly in June and expects the global economy to grow by 3.5 %. The economic outlook in the eurozone has also continued to brighten.

At the end of 2016, SECO, the Swiss secretariat for the economy, predicted a moderate increase in the rate of GDP growth in Switzerland, to 1.8 % in 2017 and 1.9 % in 2018. Its estimates for the current year have now been revised downwards twice. In June 2017 the federal expert group predicted lower growth of 1.4 % in 2017. That was primarily due to the weak development of almost all service industries in the first quarter. While the growth of the Swiss economy as a whole

increased in the first two quarters of 2017, that growth was lower than expected.

According to the latest forecast by the Austrian Institute of Economic Research (WIFO), Austria's economic performance increased by 0.8 % quarter on quarter in the second quarter of 2017 (following 0.8 % in the first quarter). That growth was broadly based, with both domestic and foreign impetus. Consumer demand again made a solid contribution to growth, although it increased slightly slower in the second quarter. In June, WIFO expected real GDP growth of 2.4 % in 2017 as a whole and 2.0 % in 2018. In June, the Austrian Institute for Advanced Studies (IHS) increased its forecast for 2017 to 2.2 % and predicts growth of 1.7 % in 2018. In its spring projection issued in March, German industry association Bitkom forecast that the IT industry would continue to significantly outperform the market as a whole in terms of growth in 2017. It forecast growth of 2.7 % (previous year: 3.3 %) for the IT market as a whole. While a further considerable decline in growth is expected in the IT hardware sector, from 1.8 % in the previous year to 0.1 % in 2017, the growth of the software segment is expected to increase slightly compared to the previous year, to 6.3 %. Growth in the German IT services segment, which is particularly important to adesso, is expected to decrease to 2.3 % (previous year: 2.7 %).

Economic development in adesso's key markets was generally positive in the first six months of 2017. The forecast for Germany increased slightly and development in Austria was significantly better than forecast at the start of the year. However, the expectations for the Swiss economy referred to in the Annual Financial Statements 2016 were reduced noticeably, although fundamental growth continued. There were, therefore, no significant changes in the macroeconomic and industry-specific conditions in adesso's core market, Germany, in the first half of 2017. The development of the most important foreign markets was uneven. While growth slowed in Switzerland, the outlook in Austria was more positive. As a result of the higher proportion of adesso's sales accounted for by Germany and Switzerland, that had a slightly negative effect on

the overall economic conditions for the company in the first six months of the year. All the relevant economies continued to grow.

Business Performance

In the first half of 2017, adesso Group increased sales by 26 % year on year to EUR 149.6 million. Organic growth through the successful expansion of existing business activities accounted for 19 percentage points (previous year: 19 percentage points) of that growth, while 5 percentage points (previous year: 16 percentage points) were attributable to company acquisitions. This again enabled adesso to easily exceed its target of outperforming overall market growth organically by at least a factor of two. Business performance also showed that adesso Group is on course to meet its full-year sales forecast.

Business was bolstered by ongoing investment from companies and public-sector authorities in digital transformation, increased efficiency through the modernisation of IT systems and e-commerce activities. adesso Group holds a strong market position in this area with a wide range of products and solutions.

All adesso subsidiaries (Germany, Switzerland, Austria and Turkey) increased sales compared to the previous year. The highest growth was achieved in Germany, while Switzerland had the lowest rate of growth. Growth was achieved in both IT consulting and customised software development. One of the largest banks in Turkey was acquired as a customer, as adesso was contracted with the further development of its mobile applications over a number of years. The order volume was equal to three times the annual sales in Turkey in 2016 and, along with the increasing number of deployments, including for German projects, offers a good basis for the further development of the subsidiary.

Sales increased in all core industries except the energy and water sector. There was a further disproportionate increase in the volume of business from the

banking sector, which is now the adesso Group's largest customer segment, thanks in part to the acquisition of Smarthouse Media GmbH in 2016. The new location in Nuremberg established new customer relationships with ING-DiBa and Consorsbank.

In the first half of 2017, Münchener Verein was acquired as the first new customer for the property insurance product segment inInsure General. Münchener Verein has already implemented life insurance software from adesso. The successful extension underlines the added value of inInsure's cross-sector product architecture for companies in the insurance industry. Following successful completion at the end of 2016, a promising sales pipeline has also been established for the industry solution for private health insurers. The first contract conclusions in this area are expected in the upcoming two quarters.

UnitCon GmbH was acquired and merged with the group company Arithnea GmbH in the first quarter to complete the product portfolio in the area of e-commerce with SAP Hybris. UnitCon offers expertise and customer relationships in the areas of SAP customer engagement, business analytics and HANA, which are becoming increasingly important elements of integrated e-commerce applications.

After a strong first quarter, the overall development of business with the FirstSpirit content management system was somewhat weaker in the first half of 2017. Licensing proceeds are expected to increase in the second half of the year. The activities of several group companies were successfully merged in the Smart Hosting and Cloud Services areas of the restructured company adesso as a service GmbH. Its offering is increasingly an integral element of offers and projects.

Within the first half of the year, sales stood at EUR 75.7 million and EUR 74.0 million respectively in the first and second quarters. It should be noted that, in Germany, the first quarter consisted of 65 working days, while the second quarter consisted of just 59 working days.

Position

Earnings Situation

adesso Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 7.6 million in the first half of 2017 were 14 % lower than the EUR 8.9 million achieved in the previous year, despite strong sales growth. As a result, the EBITDA margin decreased from 7.5 % in the first half of 2016 to 5.1 % in the reporting period. The decrease in margins was due to the high cost of stronger growth in employee numbers and investment in new locations, a decrease in the proportion of billable customer hours in Germany and a lower profit contribution from the Content Solutions business. Within the first half of 2017, EBITDA of EUR 5.2 million (previous year: EUR 3.8 million) and EUR 2.5 million (previous year: EUR 5.1 million) was achieved in the first and second quarters respectively. The decrease in earnings and margins, particularly in the second quarter, was also partly due to the lower number of working days (59).

In the first half of the year, several hundred more person days were invested in the further development of the insurance software inSure and the harmonisation of user interfaces across all sectors than in the previous year. The sale of the first licence for inSure General in the second quarter nonetheless resulted in a slight increase in the profit contribution of the business area, compared to the previous year.

While the development of earnings from the adesso subsidiary in Austria remained lower than expected, adesso increased its earnings in Turkey and Switzerland. Monthly earnings in Turkey were consistently positive.

Both the E-Commerce business area (Arithnea) and Online Financial Applications (smarthouse) increased their respective earnings. The decrease in adesso Group earnings in the first half of the year is therefore largely attributable to the adesso subsidiaries in Germany. The number of locations increased by 50 %, from eight to twelve, and the annual goal of 365 new permanent employees had already been met in

August. Along with investment in rapid growth, the proportion of billable customer hours for the provision of services decreased, which was also partly due to the high rate of growth and the associated recruitment, offer preparation, training periods and new trainee programme. Those effects were stronger than expected and led to the decrease in earnings and reduction in expected earnings for 2017 as a whole. As a result of growth and acquisitions, depreciation and amortisation increased by 62 % and led to a year-on-year decrease of EUR 2.9 million or 45 % in earnings before taxes, which was more significant than the decrease in EBITDA. Consolidated earnings came to EUR 2.2 million (previous year: EUR 4.0 million), while earnings per share amounted to EUR 0.36 (previous year: EUR 0.65).

Notes on individual items in the income statement

The cost of materials, which was mainly attributed to external services purchased in the scope of customer projects, increased disproportionately compared to sales, by 60 % to EUR 19.4 million, and therefore accounted for 13 % of sales (previous year: 10 %). That increase is largely the result of the high order intake, the competitive employment market and a higher proportion of sales by companies with a high level of external purchased services (for example, smarthouse). Gross profit increased by 22 % to EUR 130.3 million. That equated to a decrease in gross margin from 90 % to 87 %. adesso does not actively manage the gross margin as a key metric. Gross income per employee, which is particularly important to the EBITDA margin, decreased by 10 % to EUR 112 thousand on an annualised basis (previous year: EUR 117 thousand; 2015: EUR 109 thousand).

The most significant cost item, personnel costs, rose by 24 % to EUR 98.1 million. As a result, these costs increased disproportionately to gross profit (22 %), but nonetheless at a lower rate than employee numbers.

The average number of employees rose by 28 % year on year to 2,333 (30 June 2017: 2,448). Annualised personnel costs per employee decreased year on

year, from EUR 87 thousand to EUR 84 thousand. The decrease in average personnel cost per employee was due, in part, to the decrease in the proportion of provisions for variable and share-based salary components. Other operating expenses increased significantly faster, proportionate to sales, gross profit and growth in employee numbers, rising by 33 % to EUR 26.0 million, and, unlike in previous years, therefore had a negative impact on margins. The drivers of that increase were high expenditure on marketing, recruitment, employer branding, additional locations and further investment in high-paced growth.

Depreciation and amortisation of EUR 3.9 million (previous year: EUR 2.4 million) rose on account of growth and the acquisition of UnitCon. It comprised EUR 2.3 million (previous year: EUR 1.8 million) of amortisation of intangible assets and depreciation of property, plant and equipment such as factory and office equipment, and EUR 1.6 million (previous year: EUR 0.6 million) of amortisation of intangible assets recognised in the course of mergers.

Total income from financing and investment activities fell year on year by EUR 0.1 million to EUR -0.2 million. The financial result was impacted by interest expenses from acquisition loans. Interest expenses rose from EUR 0.3 million to EUR 0.4 million year on year in the reporting period due to acquisitions made in 2016 and the resulting increase in average financial liabilities. Income from investment activities of EUR 0.2 million (previous year: EUR 0.1 million) mainly pertained to an investment in a company that provides IT services together with a customer. Income tax expense came to EUR 1.3 million (previous year: EUR 2.4 million). The arithmetical tax rate pertaining to earnings before taxes of EUR 3.5 million was 36 % (previous year: 38 %). Earnings before taxes include current losses in relation to which no deferred taxes were recognised.

Employee Indicators

The total number of employees at the group rose by 475, or 24 % (previous year: 34 %), year on year from 1,973 to 2,448 full-time equivalents. In the first half of 2017, the number of employees increased by 274

or 13 % (previous year: 16 %). In the previous year, a larger proportion of the increase in the number of employees was due to acquisitions. The number of employees outside Germany increased by 8 % year-on-year, from 248 to 267.

EMPLOYEE INDICATORS

	1st HY 2017	2016	1st HY 2016	2015	1st HY 2015
Employees at the end of the period	2,707	2,381	2,148	1,840	1,592
Full-time equivalents (FTE) at the end of the period	2,448	2,174	1,973	1,702	1,468
Full-time equivalents (FTE) average for the year	2,333	1,956	1,821	1,534	1,427
Sales per Ø FTE (in EUR k)	128	133	131	128	122
Gross income per Ø FTE (in EUR k)	112	119	117	113	109
Personnel costs per Ø FTE (in EUR k)	84	86	87	82	81

Financial position and results of operations

Equity as at 30 June 2017 decreased slightly compared to 31 December 2016, by EUR 0.2 million to EUR 58.5 million, primarily as a result of the payment of dividends totalling EUR 2.2 million following positive consolidated earnings. However, equity increased significantly compared to 30 June 2016, by EUR 19.3 million, among other things due to the capital increase conducted in December 2016. As a result, the equity ratio increased to 31.7 %, from 26.7 % in the previous year (as at 31 December 2016: 31.9 %). As of the reporting date, liquid assets amounted to EUR 28.1 million (previous year: EUR 15.0 million; 31 December 2016: EUR 43.1 million). This decline over the first half of the year corresponds to liquidity development over previous periods and was largely due to the scheduled payment of variable salary components for the previous year, the dividend payment and the payment patterns of major customers, who tend to settle a relatively high proportion of outstanding invoices at the end of the year. The purchase

price payment after deduction of the acquired liquid assets used to purchase UnitCon GmbH amounted to a further EUR 3.6 million.

Due to the lower operating earnings (EBITDA) and increase in working capital, cash flow from operating activities totalled € -3.5 million, down from EUR -1.7 million in the previous year. Trade receivables increased by 29 % to EUR 63.2 million, which was comparable to the increase in sales. Cash flow from investment activities amounted to EUR -7.0 million, up from EUR -26.5 million in the previous year, and was impacted by the acquisition of Smarthouse Media. Cash flow from financing activities amounted to EUR -4.5 million (previous year: EUR 14.9 million). This high figure in the previous year primarily resulted from the borrowing of EUR 24.0 million. Ongoing repayments on loans stood at EUR 4.1 million (previous year: EUR 2.6 million). As in previous years, cash and cash equivalents are expected to increase in the second half of 2017 on account of operating activities.

Financial liabilities decreased by EUR 1.6 million to EUR 45.8 million in the first half of the year due to ongoing repayments and the EUR 2.0 million increase in low-interest rolling money market loans. The net cash position stood at EUR -17.7 million as of the reporting date (31 December 2016: EUR -4.2 million; 30 June 2016: EUR -28.8 million).

Investments and Company Acquisitions

Investments in property, plant and equipment amounted to EUR 2.5 million (previous year: EUR 1.3 million) and mainly comprised regular investments in factory and office equipment replacements and expansions such as IT equipment and furnishings. The opening of additional locations in Germany, and the expansion of existing offices led to higher investment in this area, which will continue in the second half of the year. There is no investment backlog to report.

The takeover of UnitCon GmbH in the reporting period represented a company acquisition with a noticeable effect on the company's asset, financial

and earnings situation. Please refer to the consolidated notes for further details on this transaction.

SUBSEQUENT EVENTS

No events of particular importance that we expect to have a material impact on the asset, financial or earnings situation of the adesso Group have taken place since 1 July 2017.

FORECAST, OPPORTUNITIES AND RISK REPORT

Forecast Report

Economic development in Germany as forecast by leading economists has largely been confirmed after the first half of the year. While growth was stronger than forecast in Austria, the Swiss economy failed to perform as expected. Nevertheless, countries in the DACH region are expected to generate year-on-year growth of between 1.4 % and 2.4 % over the year as a whole. The external economy is also increasingly a source of positive impetus. According to a forecast issued in June, the OECD expects economic growth of 1.8 % in the eurozone and of 3.5 % for the global economy, a slight increase in its predictions since the start of the year. However, a number of risks remain. The negotiations regarding the UK's withdrawal are uncharted territory for the European Union. And the consequences of the US's intentions with regard to economic policy, which have been only partially discernible so far, remain difficult to determine at present. Negative economic risks increased at the start of the second half of the year. Along with the continuing strength of the euro compared to the US dollar and the implicit effects on the European export economy, the acuteness of the reignited North Korea crisis has, above all, had a dampening effect on predictions regarding the development of the global economy. Despite lower growth in Germany in the second quarter, and overall in Switzerland, the full-

year macro-economic and industry-specific growth forecasts assumed by adesso for 2017 largely continue to apply after the first six months of the year. However, the risk of a downturn in the second half of the year has increased as described above.

In July 2017, the market research company Gartner significantly increased its forecast regarding global IT spending. It predicts growth of 2.4 % to USD 3.5 trillion in 2017. Growth of 1.4 % had previously been predicted. That change is largely due to the weakness of the US dollar compared to many other currencies. Growth of 3.1 % compared to the previous year is currently expected in IT services. In the area of enterprise software, growth of 7.6 % is forecast for 2017. Both segments are expected to grow faster in 2018, with growth of 4.7 % in IT services and 8.6 % in enterprise software. Gartner explains the positive outlook for providers of enterprise software as the result of an increasing need for the automation of new applications and functions to allow the full exploitation of digital business opportunities. Information technology will also continue to be a driver of economic growth in Germany. According to the most recent estimates from digital industry association Bitkom published in March 2017, the volume of the information technology market will increase by 2.7 %, to EUR 86.0 billion, in 2017. As in the previous year, the software and IT services segments will see the strongest growth in 2017, of 6.3 % and 2.3 % respectively. The results of Bitkom's semi-annual economic survey confirm the positive outlook for the industry in Germany in the second half of 2017. A total of 82 % of those surveyed expect sales to increase in the second half of the year. Providers of IT services and software are particularly optimistic, with 86 % and 83 % respectively expecting increased sales. The Bitkom Index, a measure of industry expectations, increased by five points to 76, the second highest level since it was first published in 2001. That means there is no recognisable reduction in expectations regarding IT sector sales in the second half of the year.

With adesso Group generating organic sales growth of 19 % year on year in the first half of 2017, business continued to significantly outperform the rest of the

market. Sales are expected to increase to at least the upper end of the full-year forecast of EUR 270 to 300 million. Operating earnings (EBITDA) are expected to increase in the second half of 2017, compared to the first half of the year. Higher licensing proceeds and an increase in the profit contribution from adesso in Germany are thereby expected. The second half of the year also has an additional working day. The adjusted earnings forecast for 2017 as a whole, in terms of EBITDA, is EUR 20 to 24 million.

A further increase in sales revenues and the operating margin are expected in 2018.

Opportunities and Risk Report

The adesso Group has continued to create new business opportunities. adesso is pursuing a pronounced organic growth strategy. New locations in Germany offer potential in the areas of recruitment and local market development. Preparations are also being made for the opening of a further location in Switzerland. The completion of additional sectors for the insurance software insure offers opportunities for additional licence sales and implementation projects. The megatrends digitalisation, the Internet of Things, artificial intelligence and big data have resulted in a large number of approaches to customer projects in all of adesso's core industries.

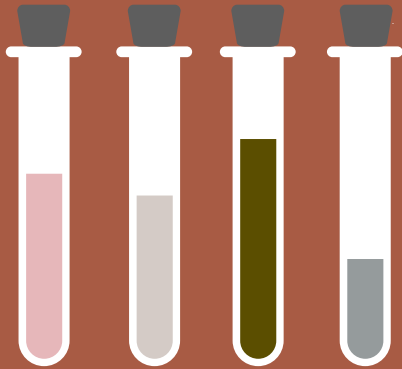
adesso is subject to a number of risks that could have a negative impact on financial development. They arise from its business activities and in view of the Group's increased size and complexity, as well as from activities in foreign countries. Please refer to the Group Management Report as of 31 December 2016 for a description of all risks and the applied risk management methods. Group-wide risks from economic developments are explained in the forecast report of this interim report.

We did not identify any further material systemic risks in the first six months of financial year 2017, except those stated in the Annual Report 2016 and

the forecast report of this interim report. As in previous years, the increase in net financial liabilities has led to an enhanced financial risk profile compared to the start of the year. Overall, risks from operating activities are considered higher as the earning power of the largest group companies decreased significantly due to investment in rapid growth. The overall risk profile of the adesso Group is considered to have risen compared to 31 December 2016. Additional risks not yet known to us, as well as risks that we are currently not deeming to be material, could also have a negative effect on company developments. That being said, we do not expect risks to occur that could pose a danger to the company's continued existence as a going concern in the remaining months of the financial year.



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INTERIM
STATEMENT



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CONSOLIDATED INTERIM STATEMENT

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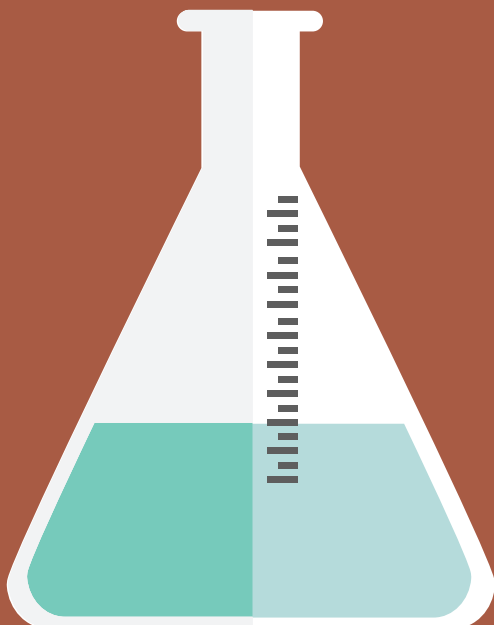
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CONSOLIDATED BALANCE SHEET

OF ADESSO GROUP AS OF 30 JUNE ACCORDING TO IFRS

ASSETS

<i>in EUR k</i>	<i>30 June 2017</i>	<i>31 Dec 2016*</i>
CURRENT ASSETS		
Cash in hand and at bank	28,144	43,144
Trade accounts receivable	63,214	54,533
Receivables PoC	16,982	15,527
Receivables from income taxes	1,797	770
Financial assets	595	299
Other assets	3,376	3,712
	114,108	117,985
NON-CURRENT ASSETS		
Goodwill	43,677	41,246
Intangible assets	15,756	15,579
Property, plant and equipment	7,530	6,667
Equity method investments	1,969	760
Financial assets	934	793
Receivables from incom taxes	3	0
Deferred taxes	598	763
	70,467	65,808
TOTAL ASSETS	184,575	183,793

* Comparative figures adjusted in accordance with IAS 8 (see notes section „Revaluation in accordance with IAS 8“)

Consolidated Balance Sheet

EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>30 June 2017</i>	<i>31 Dec 2016*</i>
CURRENT LIABILITIES		
Financial liabilities	14,467	13,627
Trade accounts payable	9,802	11,257
Liabilities PoC	11,136	11,814
Liabilities from income taxes	2,102	2,217
Provisions	5,256	4,539
Other current liabilities	40,438	37,221
	83,201	80,675
NON-CURRENT LIABILITIES		
Financial liabilities	31,344	33,831
Pensions and similar liabilities	179	186
Provisions	7,715	7,113
Other non-current liabilities	97	105
Deferred tax liabilities	3,580	3,209
	42,915	44,444
EQUITY		
Subscribed capital	6,174	6,167
Capital reserve	17,282	17,310
Other retained earnings	34,297	34,274
Reserve for currency conversion	907	898
Minority share	-201	25
	58,459	58,674
TOTAL EQUITY AND LIABILITIES	184,575	183,793

CONSOLIDATED INCOME STATEMENT

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

<i>in EUR k</i>	<i>30 June 017</i>	<i>30 June 2016</i>
Sales revenues	149,640	118,999
Other operating income	1,434	719
Own work capitalised	0	13
TOTAL INCOME	151,074	119,731
Costs of material	-19,386	-12,146
Personnel costs	-98,069	-79,098
Other operating expenses	-26,008	-19,591
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)	7,611	8,896
Depreciation on property, plant and equipment as planned	-3,926	-2,420
Amortisation of goodwill	0	0
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	3,685	6,476
Income from investments	200	113
Interest income and similar income	10	40
Interest expenses and similar expenses	-418	-299
INCOME FROM ORDINARY ACTIVITIES (EBT)	3,477	6,330
Income taxes	-1,265	-2,374
CONSOLIDATED EARNINGS	2,212	3,956
of which attributable to minority interests	-31	155
of which attributable to shareholders of adesso AG	2,243	3,801
Number of shares at the end of the period	6,174,203	5,873,736
EARNINGS PER SHARE (DILUTED/BASIC, IN €)	0.36	0.65

CONS. STATEMENT OF COMPREHENSIVE INCOME

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

<i>in EUR k</i>	<i>30 June 2017</i>	<i>30 June 2016*</i>
Consolidated Earnings	2,212	3,956
ASSETS TRANSFERRED TO THE INCOME STATEMENT SUBSEQUENTLY FOR CERTAIN REASONS		
Currency translation differences	9	-25
TOTAL OTHER COMPREHENSIVE INCOME	9	-25
TOTAL INCOME	2,221	3,931
of which attributable to adesso AG	2,252	3,776
of which attributable to minority interests	-31	155

* Comparative figures adjusted in accordance with IAS 8 (see notes section „Revaluation in accordance with IAS 8“)

Consolidated Income Statement
 Consolidated Statement of Comprehensive Income
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CONSOLIDATED CASH FLOW STATEMENT

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

<i>in EUR k</i>	30 June 2017	30 June 2016*
EARNINGS BEFORE TAX	3,477	6,330
Income from financing activities	409	260
Depreciation and amortization on property, plant and equipment and intangible assets	3,926	2,420
Result from shareholdings recognized under the equity method	-200	-113
Non-cash income / expenses	344	2
Change in pension provisions	-7	-6
Change in other provisions	1,258	722
Tax payments	-2,977	-2,354
Change to net operating assets	-9,680	-8,913
CASH FLOW FROM OPERATING ACTIVITIES	-3,450	-1,652
Payments for the acquisition of associated companies	-413	0
Payments for investments in property, plant and equipment	-2,504	-1,342
Payments for investments in intangible assets	-433	-1,205
Payments for the acquisition of subsidiaries (less purchased cash and cash equivalents)	-3,609	-23,943
CASH FLOW FROM INVESTMENT ACTIVITIES	-6,959	-26,490
Dividend payments	-2,370	-2,373
Dividends from equity companies	477	269
Capital increase	53	231
Purchase of additional shares in subsidiaries	-148	-4,270
New liabilities to banks	1,999	24,000
Repayment of financial liabilities	-4,100	-2,554
Payments from minority interests	4	0
Interest paid	-397	-426
Interest received	7	11
CASH FLOW FROM FINANCING ACTIVITIES	-4,475	14,888
Currency differences	-116	68
CHANGE IN CASH AND CASH EQUIVALENTS	-15,000	-13,186
Cash and cash equivalents at the beginning of the period	43,144	28,162
Cash and cash equivalents at the end of the period	28,144	14,976

* Comparative figures adjusted in accordance with IAS 8 (see notes section „Revaluation in accordance with IAS 8“)

CONSOLIDATED SHAREHOLDERS EQUITY STATEMENT

OF ADESSO GROUP AS OF 30 JUNE 2017 ACCORDING TO IFRS

<i>in EUR k</i>	<i>Share capital</i>	<i>Capital reserves</i>
31 DECEMBER 2015	5,800	10,619
Correction		
01 JANUARY 2016*	5,800	10,619
Share-based compensation	0	0
Effects from the acquisition of additional shareholdings in subsidiaries (incl. issue new shares)	42	-4,180
Capital Increase by exercises of stock options	32	199
Other comprehensive income for the period	0	0
Consolidated profit/loss	0	0
Total comprehensive income	0	0
Dividend payment	0	0
30 JUNE 2016*	5,874	6,638
01 JANUARY 2017*	6,167	17,310
Share-based compensation	0	26
Effects from the acquisition of additional shareholdings in subsidiaries	0	-99
Capital Increase by exercises of stock options	7	45
Other comprehensive income for the period	0	0
Consolidated profit/loss	0	0
Total comprehensive income	0	0
Dividend payment**	0	0
30 JUNE 2017	6,174	17,282

* Comparative figures adjusted in accordance with IAS 8 (see notes section „Revaluation in accordance with IAS 8“)

** Dividend payment of EUR 2,220 thousand corresponds to EUR 0.36 per share

Consolidated Shareholders Equity Statement

		Cumulated other results of the financial period			
	<i>Other reserves</i>	<i>Reserves for Currency translation differences</i>	<i>Equity of adesso AG shareholders</i>	<i>Other shareholders</i>	<i>Total Equity</i>
	23,662	690	40,771	1,704	42,475
	-193	-24	-217	-30	-247
	23,469	666	40,554	1,674	42,228
		0	0	0	0
	0	0	-4,138	-132	-4,270
	0	0	231	0	231
	0	-25	-25	0	-25
	3,801	0	3,801	155	3,956
	3,801	-25	3,776	155	3,931
	-1,740	0	-1,740	-1,508	-3,248
	25,530	641	38,683	189	38,872
	34,274	898	58,649	25	58,674
	0	0	26	0	26
	0	0	-99	-45	-144
	0	0	52	0	52
	0	9	9	0	9
	2,243	0	2,243	-31	2,212
	2,243	9	2,252	-31	2,221
	-2,220	0	-2,220	-150	-2,370
	34,297	907	58,660	-201	58,459

CONSOLIDATED NOTES

OF THE ABBREVIATED CONSOLIDATED INTERIM REPORT FOR THE FIRST HALF-YEAR OF 2017

General Information and Accounting Principles

This interim report is an update of the information reported in adesso's consolidated financial statements as at 31 December 2016. The consolidated interim report as at 30 June 2017 was prepared in accordance with IAS 34 "Interim Financial Reporting" in the version recognised by the European Union as well as under application of Section 315a of the German Commercial Code (HGB). The interim report contains all information required by this standard and in association with the applicable International Financial Reporting Standards (IFRS). The accounting and valuation methods used to prepare the consolidated financial statements as at 31 December 2016 were also applied to this interim report.

The consolidated interim report was not audited or assessed according to Section 317 HGB.

Mergers

On 10 February 2017, adesso acquired 100 % of the shares in UnitCon GmbH, Darmstadt, Germany, which was then subsequently merged with Arithnea GmbH. Through the acquisition, adesso is strategically enhancing its subsidiary ARITHNEA in the field of SAP customer engagement, business analytics and HANA while expanding current activities with regard to customer engagement & commerce (CEC). ARITHNEA is rounding out its own customer engagement & commerce portfolio with the addition of UnitCon's services. The further gains in expertise mean that ARITHNEA is one of the first companies in German-speaking countries to offer a comprehensive range of services focusing on the SAP Hybris portfolio from a single provider. This makes ARITHNEA one of the market leaders for providing advice on and introducing SAP Hybris solutions. The cost, which was paid in cash, amounted to EUR 5,500 thousand. A further payment of EUR 1,200 thousand is also due in March 2019. The amount is fully conditional on the seller's performance and will therefore be recognised pro rata in the income statement under "Personnel costs" until the date of the payment.

The fair value of the acquired trade receivables was EUR 443 thousand. The contractual receivables amount to EUR 443 thousand. Ancillary acquisition costs totalled EUR 37 thousand. They are reported under "Other operating expenses" in the consolidated income statement.

Goodwill resulting from the merger mainly represents the workforce of UnitCon GmbH, which cannot be capitalised according to IFRS. Goodwill is not tax deductible.

<i>in EUR k</i>	<i>UnitCon GmbH</i>
Goodwill	2,615
Customer lists	1,486
Order backlog	848
Property, plant and equipment	52
Trade receivables	443
Receivables from income taxes	25
Other current receivables	27
Liquid assets	1,891
TOTAL ASSETS	7,387
Non-current financial liabilities	300
Current provisions	60
Trade payables	205
Tax liabilities	39
Liabilities to banks	10
Other financial liabilities	112
Other liabilities	70
Deferred tax liabilities	1,091
TOTAL LIABILITIES	1,887
Net assets	5,500
Consideration	5,500
Cash and cash equivalents received	1,891
Actual cash outflow for acquisition	3,609

The sales revenues and profit contribution of UnitCon GmbH included in adesso's interim financial statement cannot be determined on account of UnitCon GmbH's subsequent merger with Arithnea GmbH and its related economic and organisational integration in the company.

If UnitCon GmbH had already been consolidated as at 1 January 2017, consolidated sales revenues would have been EUR 256 thousand and net consolidated profit for the period EUR 8 thousand higher.

Other acquisitions

On 28 February 2017, adesso acquired the remaining 49 % of the shares in adesso as a service GmbH (formerly: adesso hosting GmbH), Dortmund, Germany, for EUR 148 thousand. In this context, non-controlling interests were reduced by EUR 49 thousand. The difference of EUR 99 thousand between the purchase price for the additional stake and the amount of the non-controlling interests is reported in capital reserves.

On 16 February 2017, adesso received 85 % of the shares in newly-founded company inQventures GmbH, Berlin, Germany, with a capital investment of EUR 21 thousand. inQventures GmbH will promote innovative IT solutions for the B2B sector from the adesso Group's core competences. As an incubator, the company is supporting founders and start-ups in the early phase of their development by providing them with equity capital for start-up financing and the IT and management expertise of the adesso Group. inQventures will also enable these companies to gain rapid access to the market and to enter into partnerships with other companies.

On 24 March 2017, adesso concluded a notarised participation agreement with soccerwatch.tv GmbH, Essen, Germany. Within the scope of a capital increase, adesso received a participation percentage of 30 % of the share capital of soccerwatch.tv GmbH. The cost of the stake in soccerwatch.tv GmbH amounted to EUR 1,488 thousand, an amount that includes a purchase price payment of a maximum of EUR 1,100 thousand

that is dependent on the achievement of certain milestones; the fair value of those amounted to EUR 1,074 thousand as at the date of purchase. The obligation was valued at EUR 1,080 thousand as at 30 June 2017.

As the result of regulations laid down in the articles of association, shares in soccerwatch.tv GmbH are classified as shares in a joint venture.

Basis of consolidation

In addition to the parent company adesso AG, Dortmund/Germany, 20 (31 December 2016: 19) subsidiaries were included in the consolidated interim statement as at 30 June 2017. A further three (31 December 2016: three) associates and one (31 December 2016: no) joint ventures were included in the consolidated interim financial statements using the equity method.

Companies recognised at equity

The values of the companies recognised at equity developed as follows during the first half of 2017:

in EUR k	1st HY 2017		1st HY 2016
	Joint ventures	Associates	Associates
As at 1 January	0	760	535
Additions	1,488		77
Pro-rata result	-69	269	113
Dividends	0	-478	-269
As at 30 June	1,419	551	456

The companies recognised at equity include the shares in associates Barmenia IT+ GmbH, com2m GmbH and 1Buch GmbH as well as in joint venture soccerwatch.tv GmbH.

Currency conversion principles

The functional currency for the companies included in the adesso consolidated financial statements corresponds to the respective currency of the country where the company has its registered office. Conversion of the financial statements prepared in the national currency of companies whose functional currency is not the Euro is performed according to the modified closing rate method (IAS 21.39). The prices in accordance with the generally applicable indirect quotation are provided below. For example, EUR 1 amounted to CHF 1.09 on 30 June 2017.

Foreign currency to € 1 ratio	Closing rate		Average rate	
	30 June 2017	30 June 2016	1st HY 2017	1st HY 2016
Swiss franc (CHF)	1.09	1.09	1.08	1.10
British pound (GBP)	0.88	0.83	0.86	0.78
US dollar (USD)	1.14	1.11	1.08	1.12
Turkish Lira (TRY)	4.01	3.22	3.95	3.27

Revaluation in accordance with IAS 8

Within the scope of the reorganisation of its accounting processes, adesso analysed the figures reported in its 2016 consolidated financial statements. This analysis identified a number of items that had not been recognised properly. Pursuant to IAS 8, such corrections must be recognised retroactively. Almost all of the changes relate to the second half of 2016. The following table shows the identified impact on adesso's financial statements:

Consolidated Notes

in EUR k	1 Jan. 2016 reported	Correction	1 Jan. 2016 corrected	31 Dec. 2016 reported, incl. correction as at 1 Jan. 2016	Correction	31 Dec. 2016 corrected
ASSETS						
CURRENT ASSETS						
Trade receivables	37,215		37,215	54,496	37	54,533
Other current assets	41,441		41,441	63,452		63,452
	78,656		78,656	117,948	37	117,985
NON-CURRENT ASSETS						
Goodwill	23,352		23,352	40,981	265	41,246
Other non-current assets	18,159		18,159	24,562		24,562
	41,511		41,511	65,543	265	65,808
TOTAL ASSETS	120,167		120,167	183,491	302	183,793
EQUITY AND LIABILITIES						
CURRENT LIABILITIES						
Other current liabilities	29,539		29,539	37,364	-143	37,221
Other current liabilities	26,001		26,001	43,359	95	43,454
	55,540		55,540	80,723	-48	80,675
NON-CURRENT LIABILITIES						
Provisions	3,320		3,320	6,684	429	7,113
Deferred tax liabilities	1,024	247	1,271	2,465	744	3,209
Other non-current liabilities	17,808		17,808	34,122		34,122
	22,152	247	22,399	43,271	1,173	44,444
EQUITY						
Share capital	5,800		5,800	6,167		6,167
Capital reserves	10,619		10,619	18,290	-980	17,310
Other retained earnings	23,662	-193	23,469	34,239	35	34,274
Reserve for currency conversion	690	-24	666	639	259	898
Minority share	1,704	-30	1,674	162	-137	25
	42,475	-247	42,228	59,497	-823	58,674
TOTAL EQUITY AND LIABILITIES	120,167	0	120,167	183,491	302	183,793
SALES REVENUES						
Other operating income				3,309	-97	3,212
TOTAL INCOME				263,716	470	264,186
Cost of materials				-28,078		-28,078
Personnel costs				-168,288	-364	-168,652
Other operating expenses				-44,290	557	-43,733
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)				23,060	663	23,723
Depreciation on property, plant and equipment				-6,352		-6,352
EARNINGS BEFORE INTEREST AND TAXES (EBIT)				16,708	663	17,371
Income from investments				416		416
Interest income and similar income				43		43
Interest expenses and similar expenses				-445	-15	-460
INCOME FROM ORDINARY ACTIVITIES (EBT)				16,722	648	17,370
Income taxes				-4,026	-538	-4,564
CONSOLIDATED PROFIT/LOSS				12,696	110	12,806
of which attributable to minority interests				173	80	253
of which attributable to shareholders of adesso AG				12,523	30	12,553
Number of shares at the end of the period				6,167,423		6,167,423
DILUTED/UNDILUTED EARNINGS PER SHARE (IN EUR)				2.14		2.14

In the cash flow statement as at 30 June 2016, payments for the acquisition of additional shares in subsidiaries are reported under cash flow from financing activities. However, in the cash flow statement as at 30 June 2016 these amounts were reported under cash flow from investment activities. Furthermore, reclassifications were made in the cash flow statement as at 30 June 2016 on account of the presentation of the acquisition of smarthouse adesso financial solutions GmbH, which had still been provisional on that date.

smarthouse adesso financial solutions GmbH was included in the IT-Services segment in financial year 2016, despite it actually being allocated to the IT-Solutions segment. Adjustments were made to the figures for the previous year.

Selected information on the balance sheet

Goodwill

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

<i>in EUR k</i>	<i>30 June 2017</i>	<i>31 Dec. 2016*</i>
adesso AG	7,636	7,636
adesso Austria GmbH	3,552	3,552
Arithnea GmbH	5,425	2,810
adesso Schweiz AG	10,270	10,454
smarthouse adesso financial solutions GmbH	16,794	16,794
TOTAL	43,677	41,246

* Comparison figures were adjusted pursuant to IAS 8 (please refer to the section titled "Retroactive changes pursuant to IAS 8").

The rise in Arithnea GmbH's goodwill was the result of the acquisition and subsequent merger of UnitCon GmbH. The decline in adesso Schweiz AG's goodwill was due to exchange rate effects. Goodwill is largely assigned to the "IT Services" segment. Only smarthouse adesso financial solutions GmbH's goodwill is assigned to the "IT-Solutions" segment.

An impairment test for goodwill has to be performed on this basis at least once a year and whenever there are indications of impairment. For the first time, the annual goodwill impairment test in financial year 2017 will not be performed by adesso at the end of the financial year, but instead as at 30 June 2017.

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 three 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 11.5 %. 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 % – as was also the case in the previous year. This growth rate does not exceed the long-term expected growth rate for adesso's markets. The company bases its estimates for future cash flows, where possible, on estimates by external analysts. The gross margin (EBT/(sales revenues less cost of materials)) 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 -1 % and 13.5 %.

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 5.4 % and 6.4 % in the IT-Services segment (previous year: 5.5 % to 7.4 %) and 4.53 % for the IT Solutions segment. 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 (1.24 %, previous year: 0.95 %), a beta factor derived separately for the IT-Services and IT-Solutions segments from a representative peer group (constituting systematic risk), a market risk premium (6.3 %; previous year: 6.3 %; 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, 10 % lower cash flows and a 1 percentage point lower gross margin (EBT/(sales revenues less cost of materials)) were assumed as a possible change. A corresponding change in the interest rate as well as the gross margin would result in an impairment loss for cash-generating unit adesso Austria GmbH.

30 June 2017	Amount by which the recoverable value exceeds the carrying amount (EUR k)	Parameter, the possible change of which could result in impairment, as well as the value of this	Change in the parameter required to ensure that the recoverable value equals the carrying amount
adesso Austria GmbH	483	Interest rate; 6.4 %	+ 0.66 pp.
		Gross margin (3.0 % - 4.6 %)	- 0.49 pp.
31 December 2016	Amount by which the recoverable value exceeds the carrying amount (EUR k)	Parameter, the possible change of which could result in impairment, as well as the value of this	Change in the parameter required to ensure that the recoverable value equals the carrying amount
adesso Austria GmbH	315	Interest rate; 6.3 %	+ 0.45 pp.
		Cash flow	- 8.04 %
		Gross margin (3.0 % - 4.6 %)	- 0.36 pp.

Financial assets and financial liabilities

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

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.

in EUR k	Valuation category	30 June 2017			31 December 2016		
		Carrying amount	Fair value	Fair value level*	Carrying amount	Fair value	Fair value level*
ASSETS							
Cash and cash equivalents	KuF	28,144	28,144		43,144	43,144	
Trade receivables	KuF	63,214	63,214		54,496	54,496	
Other financial assets	KuF	1,529	1,529		1,092	1,092	
TOTAL		92,887	92,887		98,732	98,769	
EQUITY AND LIABILITIES							
Trade payable	FV	9,801	9,801		11,257	11,257	
Loans	FV	43,335	43,573	3	47,059	47,440	3
Other financial liabilities	FV	2,477	2,477		399	399	
Conditional purchase price obligation	BZW	1,080	1,080	3			
Other liabilities	FV	39,456	39,456		37,469	37,469	
TOTAL		96,149	96,387		98,184	96,565	

* For more information on fair values, please refer to the Annual Report 2016, page 89

LaR: Loans and receivables

FL: Financial liabilities, measured at (amortised) cost

FVL: Liabilities, measured at fair value

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

Distribution of dividends

The Annual Shareholders' Meeting of adesso AG on 30 May 2017 approved a distribution of dividends for the financial year 2016 the amount of EUR 0.36 (previous year: EUR 0.30) per share. The dividends paid by adesso AG during the reporting period totalled EUR 2,220 thousand (previous year: EUR 1,740 thousand).

Equity

The share capital of adesso AG, Dortmund, Germany, is EUR 6,174,203 (31 December 2016: EUR 6,167,423). It is divided into 6,174,203 (31 December 2016: 6,167,423) bearer shares (no-par shares). The face amount per share is EUR 1.

In the first half of 2017, 6,780 new shares were issued from conditional capital 2009 as the result of the conversion of options from the employee participation plan. The average exercise price amounted to EUR 7.70 per share. As at 30 June 2017, 1,890 options remain outstanding under conditional capital 2009.

In the first half of 2017, 9,000 options were issued from conditional capital 2015. As at 30 June 2017, a total of 20,500 options had been issued under conditional capital 2015. These were not exercisable as at the reporting date.

Segment Reporting

The allocation of adesso Group companies to the segments as well as the reporting of segment results remain unchanged compared to financial year 2016. Following its merger with Arithnea GmbH, UnitCon GmbH is now allocated to the “IT-Services” segment.

SEGMENT REPORTING, FIRST HALF OF 2017

<i>in EUR k</i>	<i>IT-Services</i>	<i>IT-Solutions</i>	<i>Reconciliation</i>	<i>Consolidated</i>
Sales revenues	133,897	33,268	-17,525	149,640
Changes in inventories	2,774	265	-3,040	0
Own work capitalised	0	0	0	0
Other operating income	5,041	1,977	-5,584	1,434
Cost of materials	-34,416	-5,902	20,932	-19,386
Personnel costs	-81,279	-19,935	3,144	-98,069
Other operating expenses	-20,708	-6,847	1,547	-26,008
EBITDA	5,310	2,827	-526	7,611
Depreciation and amortisation	-1,719	-660	-1,547	-3,926
Amortisation of goodwill	-1,558	-133	+1,691	0
EBIT	2,034	2,034	-382	3,685
Income from financing and investment activities	3,378	52	-3,639	-208
EARNINGS BEFORE TAX	5,410	2,086	-4,020	3,477
Amortisation of goodwill	1,558	133	-1,691	0
EBT before amortisation of goodwill	6,968	2,219	-5,711	3,477

SEGMENT REPORTING, FIRST HALF OF 2016*

<i>in EUR k</i>	<i>IT-Services</i>	<i>IT-Solutions</i>	<i>Reconciliation</i>	<i>Consolidated</i>
Sales revenues	110,169	24,296	-15,466	118,999
Changes in inventories	3,082	459	-3,541	0
Own work capitalised	0	0	13	13
Other operating income	4,049	546	-3,876	719
Cost of materials	-25,942	-5,478	19,274	-12,146
Personnel costs	-68,466	-13,807	3,175	-79,098
Other operating expenses	-16,151	-4,424	984	-19,591
EBITDA	6,741	1,592	563	8,896
Depreciation and amortisation	-1,247	-334	-839	-2,420
Amortisation of goodwill	-1,551	-133	1,684	0
EBIT	3,943	1,125	1,407	6,476
Income from financing and investment activities	2,051	28	-2,225	-146
EARNINGS BEFORE TAX	5,991	1,156	-818	6,330
Amortisation of goodwill	1,551	133	-1,684	0
EBT before amortisation of goodwill	7,542	1,289	-2,501	6,330

* Comparison figures were adjusted pursuant to IAS 8 (please refer to the section titled “Retroactive changes pursuant to IAS 8”).

The following table shows the allocation of sales with external clients by the client's place of business and non-current assets – both intangible assets and property, plant and equipment – 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>1st HY 2017</i>	<i>1st HY 2016</i>	<i>1st HY 2017</i>	<i>1st HY 2016</i>
Germany	119,157	91,589	51,033	43,396
thereof goodwill			29,855	26,072
Austria	3,064	3,015	3,598	3,608
thereof goodwill			3,552	3,552
Switzerland	22,039	20,694	12,227	16,283
thereof goodwill			10,270	10,293
Other	5,381	3,701	105	112

More than 10 % of the sales generated by adesso were not applicable to any one customer in interim reporting periods 2017 and 2016.

Supplementary Information

Executive Board

The adesso AG Supervisory Board has decided to prematurely extend the contracts of Executive Board members Christoph Junge (47) and Andreas Prenneis (52), which were set to expire in 2017 and 2018. Both Junge and Prenneis have already signed their extensions, which now run through to the end of 2022 and start of 2023 respectively.

Long-term remuneration

The valuation is based on the parameters described in the Annual Report 2016.

The expense for the phantom shares granted to the Executive Board amounted to EUR 251 thousand during the reporting period (H1 2016: EUR 662 thousand).

Related party disclosures

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

As at 30 June 2017, there were no significant changes to the related party disclosures included in the consolidated financial statements as at 31 December 2016.

Earnings per share

As at 30 June 2017, 6,176 outstanding options on the acquisition per share under the employee participation plan had to be taken into account in calculating the diluted earnings per share (H1 2016: 6,163).

1st HY	2017	2016
Proportion of consolidated earnings allocated to adesso AG shareholders (in EUR k)	2,224	3,801
Average number of shares issued and outstanding	6,167,536	5,820,757
Undiluted earnings per share (in EUR)	0.36	0.65
Average number of shares issued and outstanding, including the dilution effect of outstanding options	6,173,712	5,826,920
Diluted earnings per share (in EUR)	0.36	0.65

Other disclosures

The Executive Board and Supervisory Board found approval of their actions at the Annual Shareholders' Meeting on 30 May 2017. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Dortmund, Germany, was appointed by the Annual Shareholders' Meeting as auditor of the annual financial statements and consolidated financial statements for financial year 2017.

Events after the balance sheet date

There were no significant events for adesso after the balance sheet date.

STATEMENT OF THE LEGAL REPRESENTATIVES

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

Dortmund, im September 2017

adesso AG
The Executive Board



Michael Kenfenheuer



Christoph Junge



Andreas Prenneis

FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements that pertain to the business, financial position and income of adesso AG. Forward-looking statements are not historical facts and are indicated by a number of terms, including “believe”, “expect”, “predict”, “intend”, “forecast”, “plan”, “estimate”, “endeavour”, “foresee”, “assume”, “pursue the goal” and other similar expressions. Forward-looking statements are based on current plans, estimates, forecasts and expectations and are therefore subject to risks and elements of uncertainty that could result in significant deviations between actual developments, income and performance and the developments, income and performance explicitly stated or implicitly supposed in the forward-looking statements.

Readers are advised not to place undue faith in these forward-looking statements, which are valid solely at the moment at which they are made. adesso AG does not intend to publish an update of these forward-looking statements to take into account events or circumstances that take place or arise after the date of publication of this interim report and does not assume any liability for doing so.

FINANCE CALENDAR

<i>Date</i>	<i>Event</i>
2017-01-05-06	20. ODDO Forum, Lyon
2017-02-16	11th German Conference der ODDO SEYDLER BANK AG, Frankfurt/Main
2017-04-21	Publication of the 2016 annual report, financial press / analyst conference, Dortmund
2017-05-09	8th DVFA Spring Conference, Frankfurt/Main
2017-05-18	Warburg Highlights 2017, Hamburg
2017-05-30	Regular ASM, Dortmund
2017-06-02	Dividend payment
2017-09-15	Publication of the 2017 half-year figures
2017-10-10	Roadshow, London
2017-11-16	Warburg Meet-The-Future & Software/IT-Services, Berlin
2017-11-28/29	Deutsches Eigenkapitalforum/One-on-Ones, Frankfurt/Main

IMPRINT

adesso AG Stockholmer Allee 20 // 44269 Dortmund // Germany // T +49 231 7000-7000 // F +49 231 7000-1000 // ir@adesso.de // www.adesso-group.de/en/ www.adesso.de/en/

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adesso AG

Stockholmer Allee 20

44269 Dortmund

Germany

T +49 231 7000-7000

F +49 231 7000-1000

ir@adesso.de

www.adesso-group.de/en/

www.adesso.de/en/

