

DIGITISATION

CONTENT SOLUTIONS

CLOUD COMPUTING

MOBILITY

INTERNET OF THINGS

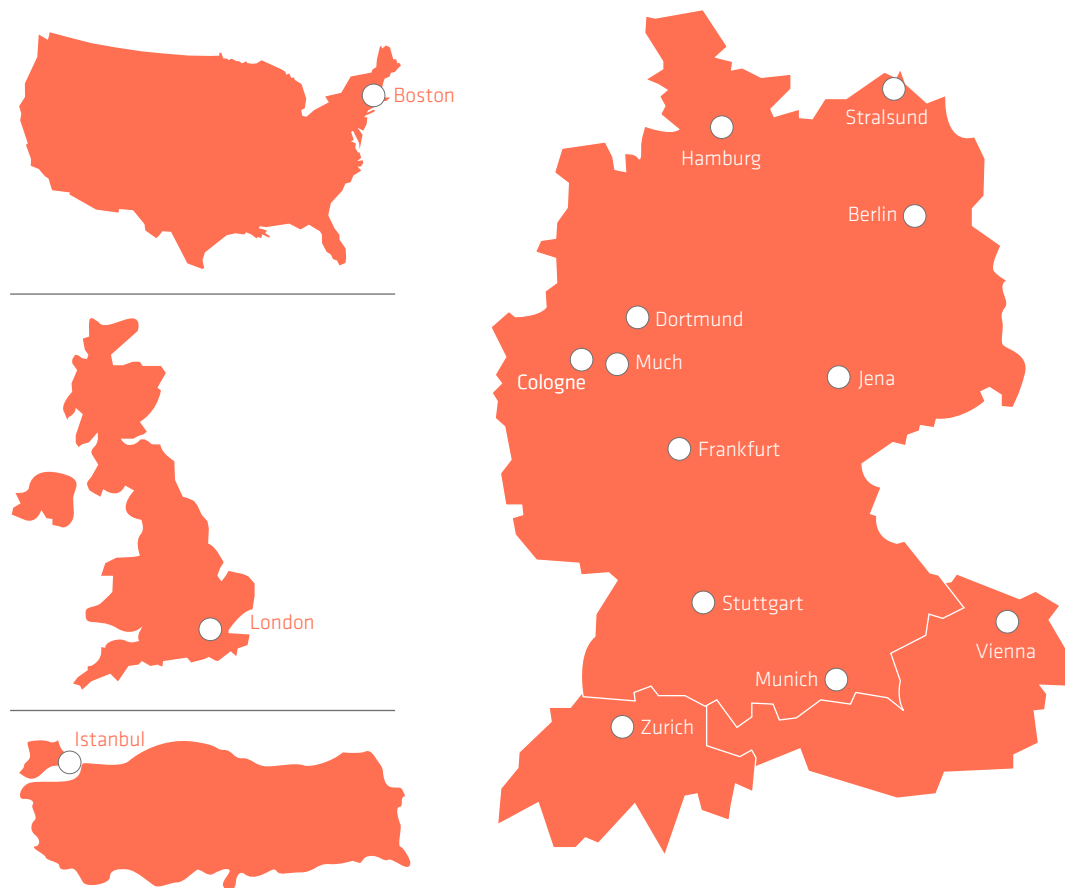
SERVICES 4.0

CUSTOMER EXPERIENCE

VALUE-ADDING
NETWORK

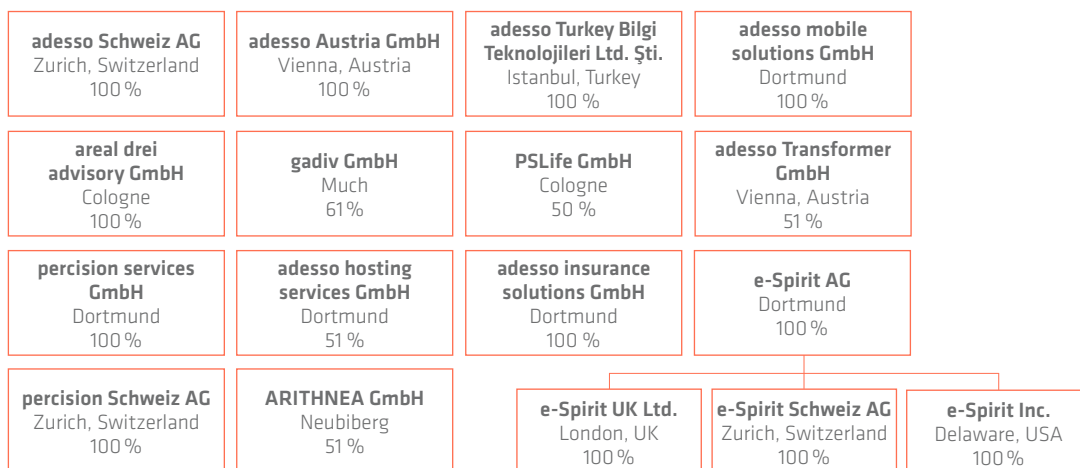
INTERACTION ROOM

LOCATIONS



COMPANIES IN ADESSO GROUP

adesso AG
Dortmund



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.

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CONTENT

SERVICES 4.0

Everything goes digital - The ongoing acceleration of digitisation in all areas of society, mass availability of relevant data as well as networked and increasingly intelligent objects revolutionise the economy and enable entirely new business models. Titled "Services 4.0", we have summarised what conditions companies face today and why adesso is especially qualified to help shape the digital transformation of customers. In addition, we draw up visions of digitisation, which could become our customers reality soon. Join us in the world of this new generation "Services 4.0" starting on page 22.

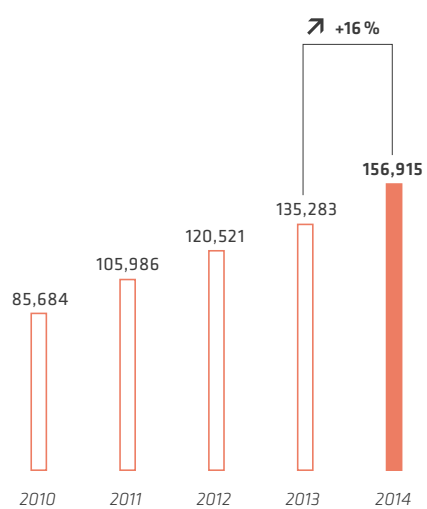
● KEY FIGURES

<i>in EUR k</i>	2014	2013	<i>Change</i>	<i>in %</i>
PROFIT SITUATION				
Sales revenues	156,915	135,283	21,632	16
domestic	131,941	114,218	17,723	16
foreign	24,974	22,443	2,531	11
EBITDA	9,778	7,776	2,002	26
EBITDA margin (in %)	6.2	5.7	0.5	9
Consolidated earnings	3,995	3,027	968	32
BALANCE SHEET				
Balance sheet total	84,030	75,129	8,901	12
Equity	38,748	36,044	2,704	8
Equity ratio (in %)	46.1	48.0	-1.9	-4
Liquid assets	23,724	21,644	2,080	10
Net cash position	17,977	16,288	1,689	10
EMPLOYEES				
Employees (FTE)	1,377	1,221	156	13
domestic	1,236	1,106	130	12
foreign	141	115	26	23
Gross profit/Employees	106	105	1	1
SHARE				
Number	5,793,720	5,763,327	30,393	1
Price at the end of the period (in EUR)	13.50	10.55	2.95	28
Market capitalisation at the end of the period (in EUR m)	78.2	60.8	17.4	29
Earnings per share (in EUR)	0.59	0.48	0.11	23
Dividend per share (in EUR)	0.25*	0.21	0.04	19
P/E ratio	22.9	22.0	0.9	4

* Subject to the approval of the Annual General Meeting

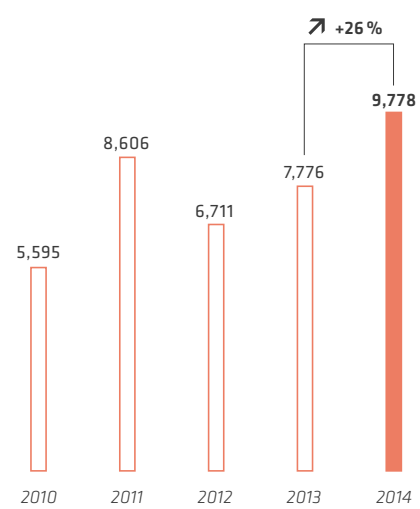
GROWTH IN SALES

in EUR k



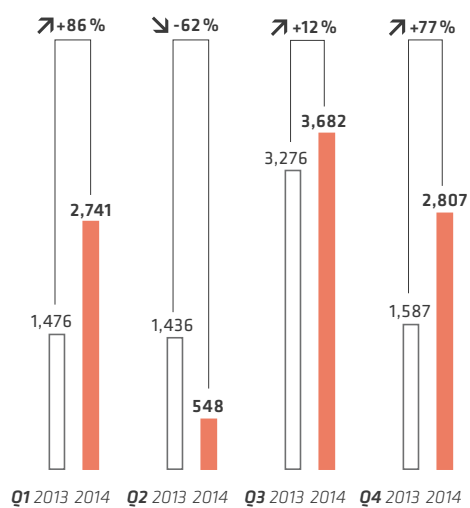
EBITDA-DEVELOPMENT

in EUR k



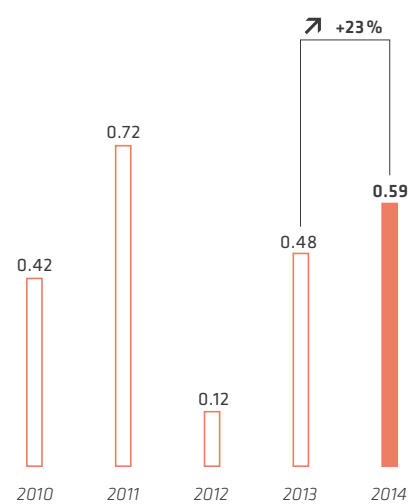
EBITDA DEVELOPMENT (PER QUARTER)

in EUR k



EARNINGS PER SHARE

in €



FOREWORD BY THE EXECUTIVE BOARD

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

This past year, 2014, was a successful and trendsetting one for adesso in many respects. In terms of our key performance indicators, we achieved significant increases and set new records. The purely organic sales growth of 16 % to EUR 157 million underscores our employees' business development skills and their ability to further expand existing business activities.

adesso Group is now well positioned, thanks to a wide-ranging and integrated portfolio of services and products for the digitisation of our customers' business. E-Commerce and Mobile Solutions made a disproportionately large contribution to sales growth in 2014 and generated their highest earnings contributions to date. The title of this year's annual report is "Services 4.0". In this report, we will show you developments in the increasing digitisation of the business world and how our portfolio supports customers in getting the most out of this key field of growth.

We stayed on our chosen path of internationalisation in 2014 – one that we will continue to pursue in 2015. Our focus is on the development of the adesso subsidiary in Turkey and increasing our market share in the USA with our FirstSpirit content management system. The investments aimed at achieving these targets totalled EUR 1.3 million in 2014. Today, our team in Turkey is 30 members strong. As a result, it has reached a size that allows it to acquire typical adesso-size project orders in Turkey as well as in Germany in keeping with a mixed nearshore model. We exceeded our new-business targets in the USA. In light of our success and the business opportunities afforded to us there, we have decided to increase the volume of our investments in market development in the USA, even though we expect this move to push back the anticipated date on which our North American business activities will start making a positive contribution to earnings.

We achieved a major lasting breakthrough for the company in late 2014, when a German insurance group commissioned us with the development and roll-out of an application landscape. In addition to the pre-existing PSLife product for the life insurance sector, this project will also see the development of sector-specific solutions for health and non-life/property insurance. adesso will retain the rights to the further development and marketing of this solution. Once the project has been completed, adesso will be able to position itself as a provider of state-of-the-art, innovative core products for the insurance industry under the banner of adesso insurance solutions GmbH. All components of the cross-sector in|SURE project are based on the same technical foundation and employ common standard functions. This ready-for-release modular complete solution is a first in the German insurance product landscape. We expect good opportunities for marketing in|SURE to other insurance customers in subsequent years.

In October 2014, adesso AG in Dortmund moved as planned into its new corporate headquarters to give it the space it needs for the growth of recent and coming years. Although the relocation led to costs in the planning and implementation phase, the move into a building designed especially for adesso as its sole tenant underscores the company's successful development.



Christoph Junge, Michael Kenfenheuer, Dr. Rüdiger Striemer (left to right)

Despite the investment in internationalisation mentioned earlier, operating result and consolidated earnings reached new highs at EUR 9.8 million and EUR 4.0 million respectively. The operating margin increased to 6.2 %. As a result, we more than met our financial targets for 2014. Cash reserves and the net cash position rose thanks to high cash flow from operating activities of more than EUR 9.2 million. We and the Supervisory Board are pleased to propose to the Annual Shareholders' Meeting an additional 19 % increase in the dividend to EUR 0.25 per share.

Let us take a look forward at what 2015 holds in store. From a macroeconomic perspective, the year ahead continues to look rosy in the relevant markets for adesso. Our plan is to write a new chapter in adesso's story of growth and once again increase our sales organically at a significantly higher rate than the market as a whole from EUR 166 million to EUR 171 million. The establishment of the new Automotive & Transportation core industry promises to fuel additional growth. This new organisational unit pools the activities of current major customers from the industry and opens the door to additional sales success thanks to portfolio tailored to fit this market's needs. The market segment already succeeded in attracting two new key customers – ThyssenKrupp and Volkswagen – in 2014.

The now ready-to-go PSLife solution for the life insurance industry will continue to create sales opportunities in 2015 as part of in|SURE. E-Commerce and Mobile Solutions will invest in regional expansion in 2015, and the level of investment as part of the internationalisation push will remain constantly high. Along with sales growth, we are striving for a rising operating result (measured as EBITDA) of between EUR 9.8 million and EUR 10.5 million against this backdrop.

The topic of new acquisitions continues to be a major one for adesso and is something that the company is placing special emphasis on pursuing. Despite the generally favourable financing conditions, especially in light of adesso's solid balance sheet structure, we remain committed to our philosophy of acquiring companies if, and only if, we believe that they are a good strategic match and promise to bring added value to adesso.

Dear shareholders, thank you very much for your faith in our company and our work. We would like to thank our employees for their great commitment, creativity and enthusiasm for their company. We would like to extend special thanks to our clients for their trust in our company. We hope to leverage our industry knowledge, consulting services and state-of-the-art software development – as well as our innovative solutions, products and business models – to serve you as a valued partner for the optimisation of your business processes.

Dortmund, March 2015

The Executive Board



Christoph Junge



Michael Kenfenheuer



Dr. Rüdiger Striemer

REPORT BY THE SUPERVISORY BOARD



Prof. Dr. Volker Gruhn

In financial year 2014, the Supervisory Board constantly monitored the management activities of the Executive Board in accordance with legal provisions and the company's bylaws. Furthermore, it advised the Executive Board in all important decisions affecting the company. The Executive Board informed it regularly about the situation and the course of business development at the company and its key subsidiaries in a timely and comprehensive manner. The Supervisory Board received documents about the asset, financial and earnings situation for this purpose on a quarterly basis. Additionally, it received comprehensive information from the Executive Board about key 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. 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 Chairman remained in close and regular contact with the Executive Board to exchange information and ideas and keep abreast of key developments.

Four Supervisory Board meetings took place in financial year 2014. All members of the Supervisory Board participated in at least half of the meetings. The meetings regularly 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 Chairman 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 2014 Supervisory Board meeting focused on discussing, critically examining and approving the Annual Report and Consolidated Financial Statements for financial year 2013. The Supervisory Board meeting was also used to approve the planning for financial year 2014 and 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 was approved.

Another topic was the Executive Board's report on adesso's activities aimed at developing a product portfolio for the insurance industry. After classifying adesso's access to the insurance market as well as the company's activities to date aimed at developing its own products for this industry, the newly founded adesso insurance solutions GmbH was presented.

At the end of the meeting, the terms of the current Executive Board contracts, the phantom shares rule and variable Executive Board remuneration models were discussed without the members of the Executive Board being present. As a result, the Supervisory Board appointed the Executive Board member Christoph Junge to the Executive Board for an additional three years. In addition, the Supervisory Board authorised the Supervisory Board Chairman to enter into talks with the Executive Board regarding an adjustment to the variable Executive Board remuneration model and, if necessary, agree changes to take effect in financial year 2014.

The second Supervisory Board meeting, in May 2014, held directly after the Annual Shareholders' Meeting, presented and discussed the results of the first months of the financial year. This was followed by a report on the development of the individual group companies. The Supervisory Board discussed the potential prospects for expanding the Executive Board to include an additional Executive Board member with operational responsibility. The members unanimously agreed that this is an important and correct step on the path to further growth for the adesso Group.

The third Supervisory Board meeting, held in September, focused on presenting and discussing the preliminary figures for the first half of the year, analysing the development of the individual Group companies and presenting the ongoing business performance. Based on the key earnings indicators for the first half of 2014 available at the time, which were below guidance, the Supervisory and Executive Boards discussed in depth the outlook and planing for the second half of the year with an additional focus on the feasibility of the annual forecast. Considering the seasonality of previous years, the guidance seemed to still be within reach. The continuation of adesso's internationalisation was discussed at all Supervisory Board meetings. At the third Supervisory Board meeting, the Executive Board gave a detailed presentation of the development of e-Spirit in the USA, which was analysed by the Supervisory Board. Based on licence sales to new customers in the USA, which were above guidance, the continuation of the investments in the market entry in the USA was confirmed.

Andreas Prenneis was presented as a future member of the Executive Board at the fourth Supervisory Board meeting, which was held in December. The meeting focused on the Executive Board's report on the interim

half-yearly financial statements as of 30 September 2014. It also presented and discussed the development of the asset, financial and earnings situation of the company and its subsidiaries. The Executive Board also presented the planning process for the coming year and reported on the preliminary meeting with the tax authorities regarding the tax audit of financial years 2009 to 2013, which was scheduled to take place in 2015. The meeting also approved an update of the statement of compliance with the German Corporate Governance Code, updates to the Articles of Association in line with the new version and specification of the provisions requiring the approval of the Supervisory Board.

2014 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 2014 and has issued an unqualified audit opinion.

The responsible auditor from DOSU AG Wirtschaftsprüfungsgesellschaft took part in the balance sheet meeting in March 2015. 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 December 2014 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 2014.

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.

The Supervisory would 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 2014 on a successful note.

Dortmund, 18 March 2015

On behalf of the Supervisory Board



Prof. Dr. Volker Gruhn, Chairman

INVESTOR RELATIONS

The Share

The Trading Year 2014 – General Conditions

Following rapid growth in the two previous years, the German lead index DAX was up nearly another 3 % in 2014 on the end of 2013, and closed at 9,806 points. While the MDAX was up a comparable 2 % in the same period, the TecDAX performed far better with a plus of 18 %. All indices reached new historic highs in 2014. In fact, the DAX broke into the 5-digit range for the first time, reaching its high for the year at 10,093 points on 5 December. Demand for equity investments was sustained in 2014 thanks to ongoing low interest rates and high liquidity in the market. The stock markets were far more volatile than in the previous year and the intensity of turbulence increased in the course of the year. While hostilities in Ukraine and the Middle East along with a noticeable cooling of east-west relationships caused prices to fall in the first half of the year, the advance of the Islamic State and severe drop in oil prices dragged down the stock markets in the second half of the year. Fresh concerns about the world economy and the stability of the eurozone along with reduced growth expectations for the German economy caused the DAX to drop by more than 1,500 points in just one month to its low of 8,355 points on 16 October. Yet the stock markets quickly recovered from every setback. In addition to the good quarterly results of the companies, this was mainly thanks to the support measures and unconditional statements of the European Central Bank along with low commodity prices, in each case brightening future prospects.

Development of the adesso Share

adesso shareholders once again have cause to be extremely satisfied with the development of the share price in 2014. The share closed up 28 % on the previous year, significantly outperforming the comparative index, the TecDAX, once again by 10 %. Closing the year at EUR 13.50, the share went up by EUR 2.95 within twelve months. The adesso share reached a new all-time high on 9 May 2014 at EUR 14.85 and hit its high for the year based on the closing price of EUR 14.49 on 12 May 2014. After a dynamic start to the year with a plus of 11 % at times, the share however fell initially by 21 percentage points starting at the end of January and reached its low for the year at EUR 9.50 on 4 February 2014. This was the result of the announcement that the company's earnings could be hit by the premature termination of a key Austrian project. A number of investors took advantage of the temporary low by purchasing adesso shares. As a result of comparatively high trading volumes, the share price quickly recovered, reaching its level from the beginning of the year in a matter of days. The share received another boost when the preliminary year-end figures were released at the beginning of March. Accordingly, adesso was able to meet the earnings forecast for 2013 and indicated that the dividend could be increased. They showed that adesso had achieved its forecast earnings and raised the possibility of an increased dividend. At this time, the share price was EUR 11.48, an increase of 9 % over the closing price in the previous year while the TecDAX achieved an increase of 10 %. Until the beginning of May, the company's share price developed largely in line with the TecDAX. However, adesso's subsequent presentation at a capital markets conference led to an increase in trading and price rises. The preliminary quarterly figures released on 9 May 2014 were surprisingly good for investors, so that the price rose by 14 % to its high within two trading days of which

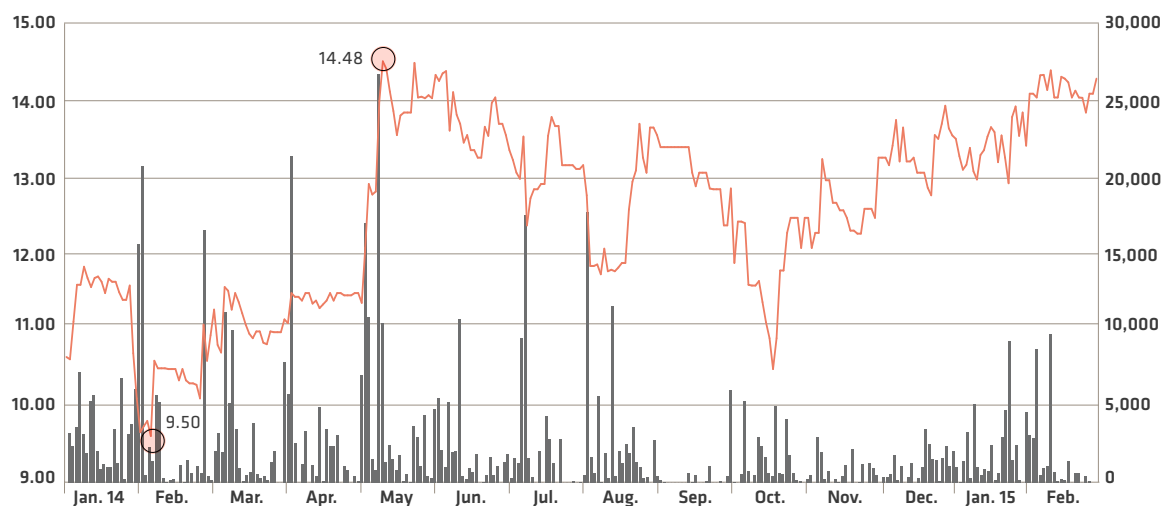
DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE TECDAX

indexed

adesso AG ■ TecDAX



DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

in EUR / trading volumes: in shares

more than 9 percentage points on the day of publication. At that time, adesso's share price had increased by 37 %, while the TecDAX had achieved an increase of just 7 %. Without further positive impetus, and as a result of profit taking, the adesso share then lost the ground it had previously made, losing 21 percentage points by the end of June, while the positive outlook of some of the index' biggest names led to further increases in the TecDAX. Market sentiment deteriorated at the beginning of the second half of the year, primarily due to the expected economic effects of the worsening relationship between Russia and the West, and the possibility of interest rate increases. The price of adesso's shares was unable to fully avoid the significant decreases affecting the rest of the market even after taking into account that a number of investors took advantage of the price decrease to buy adesso shares. Against the backdrop of a falling market, this led to countervailing development in the price of the company's shares until mid-July. The share did, however, follow this generally negative market development with only low trading volumes in the second half of the month, falling by 8 % within just one trading day at the end of July. Even the publication of the preliminary half-year figures in an ad hoc release on 11 August initially appeared to offer no further impetus. Even though the second quarter turned out weaker as expected, it continued to appear as though adesso would achieve its overall targets for the year. It was not until the next trading week that the price once again went up significantly, exceeding EUR 13 by the end of August. In the course of subsequent great stock market uncertainty in September and October, trading with adesso shares virtually ceased. The price dropped noticeably along with the German stock indices and fell to EUR 10.38 on 15 October. At this low the share was listing 2 % below its value at the start of the year. The TecDAX had lost 4 % and the DAX even 10 %. The adesso share made a much better recovery than the comparative indices when the stock market climate brightened again. An ad hoc release of the preliminary figures for the strong third quarter on 4 November and the announcement that a major project had been secured in mid-December further boosted the price. Since its October low, the price climbed by a full 30 percentage points and closed with a plus of 28 % for the year.

The market capitalisation of adesso therefore increased significantly in 2014 to EUR 78.2 million compared to EUR 60.8 million at the end of 2013.

After the trading volumes in 2013 with all shares overall on the spot market including Tradegate only went up slightly by 1.6 % to EUR 1.0 trillion, more shares were traded again in 2014. The volume increased by 10.9 % to EUR 1.1 trillion. Investors continued to focus on large caps. Over 93 % of the total volume was turned over with securities from the selective indices. In the course of the year, the share in trading continued to shift towards standard securities. Compared to the previous year, the trading volume of the adesso share fell by 10 %, from EUR 9.5 million to EUR 8.5 million. Two-thirds of this volume was generated in the first half of the year. May was the best trading month at EUR 1.5 million. Trading in September was a mere EUR 0.2 million. An average of 2,832 shares changed ownership per trading day in 2014. That is around 36 % less compared to 2013. An average of 59,468 adesso shares were traded monthly. The trading volume in January and May, with well over 100,000 shares each, together exceeded the entire second half of the year. Around 79 % of the 2014 trading volume used the Xetra platform, an increase of 5 percentage points over 2013.

At the start of 2015, the adesso share price initially trended sideways even as the stock market climate continued to improve, occasionally falling below its level at the start of the year. Development of the indices on the other hand continued to be positive as the programme for the massive purchase of sovereign bonds by the European Central Bank took concrete form. Only when the exceeding of the earnings forecast for 2014 was announced in an ad hoc release on 27 January 2015 did the share get 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. At the end of February 2015, the adesso share was up 6 % compared to the end of 2014, while the TecDAX gained 15 % in this period.

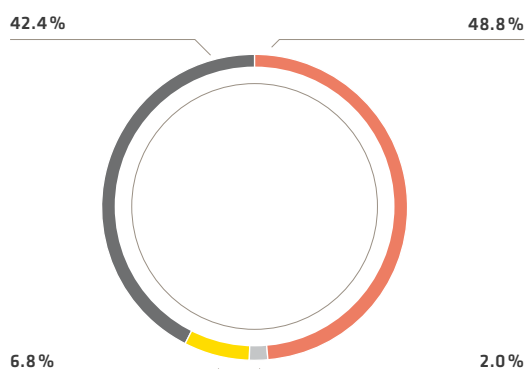
The following table shows the most important share data for 2014 per quarter:

SHARE DATA

	Q1	Q2	Q3	Q4	2014
Price at the end of the quarter	11.00	13.50	12.35	13.50	13.50
Development in (in %)	4	28	17	28	28
Development of TecDAX (in %)	7	12	7	18	18
Highest price in EUR	11.75	14.48	13.74	13.89	14.48
Lowest price in EUR	9.50	11.20	11.65	10.39	9.50
Volatility (90 days at the end of the quarter in %)	46.6	43.3	47.6	37.0	37.0
Trading volumes in shares per trading day	4,065	3,737	2,112	1,416	2,832
Trading volumes in EUR per trading day	43,879	47,808	26,311	17,394	33,833
Number of shares	5,763,327	5,763,327	5,793,720	5,793,720	5,793,720
Market capitalisation in EUR million	63.4	77.8	71.6	78.2	78.2

SHAREHOLDERS

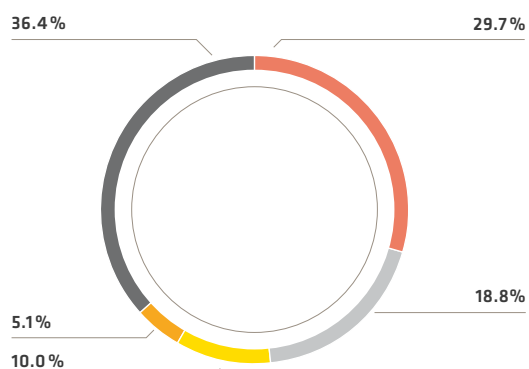
in %



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

Capital Measures

Share capital rose by 0.5 % in the reporting period, from EUR 5,763,327 to EUR 5,793,720 after stock options from the company's stock options programme were exercised. The share capital initially rose by EUR 23,098 in July and increased by a further EUR 7,295 in September.

Dividends

The Annual Shareholders' Meeting held on 26 May 2014 approved the proposal by the Supervisory Board and Executive Board on the appropriation of net income and distributed a 17 % higher dividend

of EUR 0.21 per share. That corresponds to a pay-out ratio of 44 %, based on consolidated net income (previous year: 149 %). The dividend was credited to shareholders' custodian accounts from 27 May 2014. The dividend yield amounted to 2.0 % based on the 2013 closing share price.

Shareholder Structure

The largest shareholder of adesso AG, with 29.7 % 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

BASIC SHARE DATA

			2014	2013
ISIN Code	DE000A0Z23Q5	Number of shares at the end of the year	5,793,720	5,763,327
WKN (national security identification number)	A0Z23Q	Xetra closing price at the end of the year (EUR)	13.50	10.55
Symbol / Code	ADN1	Market capitalisation at the end of the year (EUR million)	78.2	60.8
Reuters Instrument Code	ADNGK.DE	Earnings per share (EUR)	0.59	0.48
Bloomberg Symbol	ADN1:GR	Cashflow per share (EUR)	1.60	1.33
First day of trading	21.06.2000	P / E ratio	22.9	22.0
Trading platforms	Xetra	Price / cash flow ratio	8.4	7.9
Maret segment	General Standard	Dividend per share	0.25	0.21
Number of shares	5,793,720	Return on dividend	1.9 %	2.0 %
Currency	EUR			
Nominal value	No share with nominal value: 1.00 EUR (mathematically)			
Share capital	5,793,720 EUR			
Voting rights per share	1			
Index	CDAX, DAXsector All Software, DAXsubsector All IT-Services, General All-Share, General Standard Index, NRW-MIX			
Reporting standard	IFRS			
End of financial year	31.12.			

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 2.0 % of the share capital. The majority of the assigned voting rights, 81.0 %, are held by private investors. In 2014, the proportion of institutional investors was further increased to 6.8 %. The remaining 12.2 % of the company's shares cannot be clearly assigned to a specific class of investor. According to Deutsche Börse AG's definition, the free float

is 36.4 %. It increased by 0.3 percentage points overall compared to the previous year. This is due to the exercising of stock options from the company's stock options programme.

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

RECOMMENDATIONS

Date	Subject/ Recommendation	Evaluation	Source
2015-02-16	adesso takes part in „IT symphony“	[Speculative investors] buy until EUR 14.45 and save their assets at EUR 10.90.	PLATOW Börse
2015-01-29	Buy	Target price: EUR 17.30	SMC Research
2015-01-27	Buy	Target price: EUR 16.50	WGZ BANK AG Westdeutsche Genossen- schafts- Zentralbank
2015-01-27	adesso: alternative for Dortmund fans / buy	Independent from this, we at adesso still advise to get on board. Chart-motivated investors might wait before starting new investments whether the break up actually happens. [...] Fundamentally oriented investors do not have to orient themselves towards the price pattern of the past since adesso is positioned much better than three quarters before.	boersenge- fluester.de
2014-12-23	Quarter 3 2014 with peaks in sales and performance	Years of companionship with the Dortmund-based company showed some setbacks, but there was an increase over the years and the rate followed this trend with an increase from EUR 4 to now EUR 13.10. We are of the opinion that this positive development will continue in the coming years.	Nebenwerte Journal
2014-09-10	adesso: Record revenue with IT business	Course recommendation : EUR 8.05 (12.6.13) Current rate: EUR 13.00 +/- in %: +61.49 % New Stop: EUR 11.65	Focus Money
2014-01-22	Record numbers give a boost	Since the IT-service provider's rating is still moderate, the title is nevertheless worth buying. The share price could now increase. The stop loss will be adjusted from 3.50 to 8.50 Euros. Our goal: 14.00 Euros	Der Aktionär

the development of the company in the course of one-to-one meetings or road shows. We also took advantage of numerous investor conferences to present adesso AG and enhance our contact with the capital market.

adesso AG was again presented at the German Equity Forum in Frankfurt in 2014, 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 three additional conferences and investor events in Düsseldorf, Frankfurt and Munich. A roadshow was held in Luxembourg to meet with investors. The financial calendar for 2015 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 “Questions for the CFO” menu item 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 360 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 2014. 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 of the current analysts were published in January 2015. Both rated the adesso share with "buy" (WGZ Bank, 27 January 2015: price target EUR 16.50 / SMC Research, 29 January 2015: price target EUR 17.30).

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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2014 HIGHLIGHTS

January

Signing of adesso and Bosch Software Innovations partnership agreement

At the start of the year, adesso announces an alliance with Bosch Software Innovations GmbH, the software and system vendor of the Bosch Group. The two companies will bundle their expertise going forward, jointly offering a broader solution portfolio to their customers. Classic business applications take centre stage along with solutions related to the Internet of Things and Services (IoTS).

February

New awards for adesso as a top employer

adesso continues to rank among the top employers. New awards in renowned competitions show that the outstanding work of the personnel departments to promote an employee-oriented workplace culture are paying off. In Germany, adesso even reaches third place in the ranking of ITC industry companies with the most satisfied employees, and also earns a cross-sector placement from the German Great Place to Work Institute. In a current study by the news magazine FOCUS, adesso further highlights its quality as an employer with a tenth-place ranking. In Switzerland adesso receives the “Top Employer” seal of approval for the sixth time in a row.

March

adesso concludes DEVK contract in the millions and takes over a technical customer process for the first time

In March, adesso announces a contract with DEVK Versicherungen gained in the new “Business Process Outsourcing (BPO)” business area. Based on a solution developed in-house for the structuring and automated evaluation of insurance claims, this marks the first time adesso is taking over an entire core technical process for a customer. In doing so, adesso is expanding its own value creation chain – initially in the insurance segment – in the direction of core customer tasks.

Success of the adesso subsidiary in the USA with higher licensing proceeds and maintenance agreement

adesso subsidiary e-Spirit reports a major success in the internationalisation of product sales in the USA. The FirstSpirit content management system is being introduced by a leading educational institution in the USA that is specialised in web-based learning to prepare for examinations.

April

adesso develops information platform for Kölner Verkehrs-Betriebe

adesso has created an information hub for Kölner Verkehrs-Betriebe which supplies passengers with current information in case of disruptions and schedule deviations. The solution which was realised on the basis of Microsoft SharePoint obtains data directly from the operational systems and thereby avoids media breaks.

June

adesso develops new portals for CeBIT and the Hanover trade fair

adesso has realised new portal platforms for the largest trade fairs of Deutsche Messe AG. The current websites for CeBIT and the Hanover trade fair can be accessed from any device as a result. Using agile development methods allowed the projects to be realised in a very short time.

July

Claims service of Zurich Rechtsschutz uses drebis platform

With legal expenses insurance of Zurich Group Germany, another industry heavyweight, has decided in favour of the adesso platform drebis. The legal expenses insurance provider is using it to optimise claims management and its own communication with lawyers. Zurich Rechtsschutz-Schadenservice GmbH is streamlining its business processes in claims management with the system, which is used to process around 20 % of its claims at the outset.

adesso hosting services obtains larger order from COGNOS AG

Active since the end of 2012, adesso subsidiary adesso hosting services GmbH receives a larger order for the operation of central business applications from the COGNOS AG private education group. These will be available as services a short time later. The companies of the education provider, which includes among others renowned institutions such as Fresenius University, thereby have access to a scalable solution in a private cloud infrastructure.

August

Major new orders announced

With the conclusion of major orders, adesso is on track in its core business and the new business areas. A second insurance customer was gained for the innovative claims management solution, so that the number of claims processed was doubled with 100,000 per year. A milestone was reached in the first half of the year in expanding the insurance sector solutions business with the development of a portfolio management system for health insurers. Additional licenses of the own content management system FirstSpirit were sold in the USA.

September

The year's largest licence sale to a DAX group

In September, adesso concludes this year's largest licensing agreement for its own FirstSpirit content management system with another DAX group. The company wants to use FirstSpirit as the group's web content management standard.

October

Decision made for the further development of the Postbeamtenkrankenkasse software

adesso successfully asserts itself as one of the main contractual partners in a tender for a master agreement with the Postbeamtenkrankenkasse and the Bundesanstalt für Post und Telekommunikation. The master agreement covers development and consulting services over four years. The customer wants to modernise its extensive application landscape. This requires development, coaching and consulting services.

adesso moves into new corporate headquarters

In October, adesso moves into new offices in Dortmund after 18 months of construction. With the new facilities, adesso takes the rapid growth of the last few years into account and establishes new reserves for future development. The move and renovation of the old building also brings the adesso Group companies at the Dortmund site closer to each other geographically again in the sense of an "adesso campus".

November

adesso opens location in economic centre of Jena, Thuringia

adesso continues to grow with the opening of another site in November. The twelfth of adesso's Germany offices is located in Jena. adesso is bundling its expertise in this field in the traditional e-commerce stronghold and offering brand-neutral consulting for strategies and solutions focusing on shop systems and mobile commerce.

December

Another groundbreaking major insurance project is secured

By gaining a project in the double-digit millions, adesso is positioning itself to offer a modern product suite in addition to individual customer development and consulting services for insurers. The German insurance group is replacing its old applications for the life, private health and property insurance divisions with adesso's PSLife solution for life insurance and a solution that is under development for private health insurance including settlement. A solution for portfolio maintenance in private and commercial property insurance is being developed jointly with the insurance company in the course of the project. The subsequent marketing and usage rights for the software remain with adesso.

Everything goes digital

Rarely are research, the economy, politics and the media in closer agreement than on the topic of digitisation. The ongoing advance of digital technologies that pervades every aspect of society brings about a fundamental change process. No company that wants to remain successful in the long term can ignore this. Even established market players feel the innovation pressure in the face of successful start-ups that change the markets quickly.

Important business processes in virtually all individual activities already depend on information technology today. These processes will continue to manifest themselves in products and services which are almost exclusively digital. The digital transformation of companies and the availability of relevant data form the basis for innovative services and new business models, competing for users within the future value creation network.

A positive customer experience gains significant importance as a result. With the ongoing digitisation of business and production processes, this ultimately means the individual needs of every user co-determine the founding of relevant communities and the successful development of products and services. Due to the increasing "intelligence" and communication abilities of things such as products and also production systems using the internet, no less than the fourth industrial revolution called "Industry 4.0" is expected. In the interest of the greatest possible economic efficiency, it will be possible to control many services and processes automatically through the "Internet of Things". Communication abilities make it possible to create an intelligent networking mix to redesign business processes and services.

While this vision is generally considered a realistic further development of today's trends, the way to get there is not clearly delineated for virtually all companies. Only one thing is certain: The digital transformation requires partners who are able to provide competent support along the way. With industry and technology expertise, experience with process optimisation and the management of change processes as well as solution development, adesso has what it takes. Combined with outstanding expertise in the fields of mobility, customer experience, content solutions and cloud computing, adesso is in a downright ideal position to support the digitisation strategy from the outset and help shape a changing world. With the Interaction Room we also have a tool and method that enables transparent collaboration between all stakeholders in a digitisation project.



SERVICES 4.0

On the pages that follow, we present our special qualifications in regards to ongoing digitisation and the Interaction Room. Which applications the digital transformation can enable in concrete terms is illustrated by several visions, which may soon become reality in this or a very similar form for our customers. Join us on our journey into the world of this new generation of “Services 4.0”.

Being there, when the customer needs us



With the growing number of “digital natives”, people who grew up with digital technology, the demand for mobile services has increased as well. The number of more efficient “smart” devices has also made the mobile consumption of content more interesting for older generations. These devices are now widespread and user frequency and duration of use is on the rise. Accessing information, news, photos, videos, prices and product comparisons anywhere, any-time matches our lifestyle. The logical next

step is that transactions, such as buying a product, choosing and using a service and making payments, but also conventional work processes, are increasingly shifting to the mobile internet. Therefore, all companies will have to examine the question of how to create mobile offerings that reach and also inspire their customers. This means that advance conceptual considerations, such as the knowledge of individual user types and their habits, are of crucial importance for a successful mobile strategy.



• MOBILITY

adesso is one of the most experienced and largest providers in the Mobile Solutions business area. The company has its own platform for delivering content that is optimised for devices. adesso advises companies on their mobile strategy and ensures successful implementation in practice.

Getting to know customers and understanding their needs

While sophisticated digital applications are already assumed by some providers today depending on the business model and customer group, competition for the digital market price will get stiffer as the number of providers increases. Mere digital or mobile availability is no longer going to be sufficient then in order to obtain competitive advantages. Companies are therefore well advised to identify functions early on that create added value for customers and are profitable for their own business as well. Competition will increasingly be decided by the quality of a user's experience during interaction with digital and non-digital points of contact with a provider as well as a consistent brand experience. The customer experience, the way the user perceives the interaction and especially the orientation towards the user's motivation in the context of vari-

ous situations, therefore increasingly gains importance. With continuing digitisation and optimum integration of content and points of contact, this ultimately means that the individual needs of every user will co-determine the successful development of products and services. In regards to IT systems, the development of digital solutions is going to require much greater involvement by marketing than in the past, to the point of becoming the driving force. Success factors for a positive user experience are relevance and excellent usability for the respective target groups, suitability and availability for the respective device as well as efficient usability and visual attractiveness. An integrated view of all interaction points as well as the development and maintenance of a lasting customer relationship, for example through incentive systems, is decisive as well.

A hand in a white shirt sleeve holds a laptop. White lines originate from the hand and laptop, connecting to text blocks on a red background. One line connects the laptop to the title, another connects the hand to the title, and a third connects the hand to the paragraph.

CUSTOMER EXPERIENCE

adesso has outstanding expertise in the field of e-commerce and the digital networking of process participants. Great emphasis has always been placed on the customer experience success factors in these fields. adesso customers benefit from proven strategies, tools, methods and experiences in this area. This makes adesso a desirable partner for renowned major customers.

The information hub as an integral component of digitisation

Information flows will continue to grow and also speed up with ongoing digitisation. At the same time, digital systems are converging and automatically exchanging information between them. Relevant data is being bundled, analysed and intelligently evaluated in order to contribute to decision making at the right point. Information or transaction chains are being formed and condensed into new offers and services in the value creation network. Regardless of whether the information itself is the “product” or a supporting marketing tool, it needs to be reviewed and updated regularly and requires a consistent form as well as a defined distribution process. Web-

based formats are going to gain importance on mobile devices as well, increasingly displacing locally installed apps. The browser becomes the universal platform and the content management system a company's information hub for communicating with its stakeholders. Content such as information or structured data can be centrally recorded in a user-friendly format or supplied from external systems and routed to the various output channels through defined publication processes. In addition to decentralised and multilingual company websites, mobile applications and digital assistance systems can be supplied with content in this manner as well.



CONTENT SOLUTIONS

Even today, the adesso Group with its FirstSpirit content management system offers a leading technology product for the central recording and preparation of content that can be delivered through many different channels. The system is used as a central information and integration platform by major international corporate groups. Its ability to integrate with third-party systems through defined interfaces is a key factor in making it a popular tool for the digital transformation of companies.



Essential flexibility for data and services

Innovative services will increasingly be technically motivated as well as requested and delivered on demand in the course of digitisation. Most of all they have to work. The operators want to focus entirely on the actual business benefits and further development of the user experience, rather than being distracted by hardware and software issues. Often start-ups no longer even have the capital required to buy the corresponding hardware when the return on investment is not assured yet. Hardware and software have to be available at the push of a button instead. IT needs to be flexible in order to meet the technical requirements, with scalability according to business development. Downtime due to mainte-

nance and faults along with impaired performance caused by insufficient capacity impair the user experience and are therefore not tolerable. At the same time, a process chain with continuous digital support from the provider to the customer and vice versa increases demand for the economical and secure supply of digital systems. Cloud-based systems and the outsourcing of application operations to qualified personnel with special training therefore form the basis for further digitisation. Such a transformation of IT operations demands trust and experience. Security and the protection of data necessarily need to be guaranteed in the course of the transformation. Compliance requirements are increasing as well.



• CLOUD COMPUTING & IT-MANAGE- MENT

adesso has proven expertise in providing individual cloud and hosting solutions. The focus is on the trustworthy operation of critical business applications that pose the highest requirements in terms of availability, scalability and security. With many years of consulting experience in the setup and expansion of system infrastructures, adesso is a competent contact for the realisation of IT solutions no matter whether they are operated internally or externally.



A common understanding as the basis of the digital transformation

While software development projects were often based on technology motivations in the past, this has shifted in favour of functionality. With the advance of digitisation, marketing-oriented aspects will increasingly be considered in the interest of the desirable positive customer experience and the analysis of user data. This means additional stakeholders will have to be integrated into the software development process.

adesso, in cooperation with Duisburg-Essen University and other partners, has developed the Interaction Room, a tool and a method for promoting a common understanding between stakeholders regarding the solution that will be developed. This is accomplished through a four-dimensional view of the same situation, represented by four different “maps”. A dedicated module was designed especially for the challenges of digitisation in order to put the existing business model to the

test and to identify the opportunities of digitisation on the basis of one's own strengths. Special attention must be paid to the dynamics of the respective market, the technical possibilities and the understanding of future customer behaviour. The methodology framework is based on examining all interfaces to users, partners and customers along with their information needs. Defined annotations can be added by the participants to the models that are produced. The participants assess and evaluate the customer experience as well as the value and complexity drivers in this manner.

Digitisation is therefore provided with a room where participants can live the user experience early on and obtain an overview of future developments. Interdisciplinary collaboration and open discussion frequently draw attention to success factors that otherwise remain implicit or are even missed entirely.





INTERACTION ROOM

With the Interaction Room, adesso is using a modern and practical tool. The method leads to a common understanding among all stakeholders in regards to the solution being developed. The Interaction Room has proven itself with a number of major customers, leading to valuable ideas, insights and changes.

Services 4.0 for our customers could soon look like this

Intelligent electricity rates

Who can precisely predict how their own electricity consumption will develop within a year or over a longer period? Yet consumers can save a lot of money with demand-based and individual billing models. So far, however, this has required the time-consuming analysis of one's own usage habits and the selection of the individually most favourable offering from a wide variety of constantly changing rates. But when electricity meters make consumption data available in real time over the internet, customers can be automatically assigned to the most favourable billing model for them by electricity suppliers. Precisely tailored instalment payments could be calculated as well. Wouldn't it be a smart Service 4.0 if a customer was notified through a mobile telephone app, asking for approval of a rate or instalment payment change? Making contract and billing administration dynamic along with the integration of consumption data and

billing models takes customer service to a new level and offers true added value for customer acquisition by the digitally "transformed" providers. The automated and continuous flow of data between the customer and electricity supplier boosts customer confidence, promotes customer loyalty and satisfaction, and gives both contractual partners added time for more important things.



Smart status notifications

The washing machine at home has sprung a leak and the customer has informed the insurance company of this disaster. To avoid damage to the building and so the policyholder can resume living in comfort within his own four walls as soon as possible, a company specialising in such emergencies was engaged to set up drying equipment. An end-to-end information and notification process based on units equipped with corresponding sensors and Internet access could significantly improve the efficiency of the companies involved in addition to customer satisfaction with claim settlement. The insurer would have direct access to the equipment availability of its claim settlement partner and could provide information when it would be set up. This means the policyholder would not have to be available for an extended period of time which is the case today. Once it was set up, the device itself could report data such as the fluid level, deployment location, ambient conditions and operating status to the policyholder's smart phone, notifying him when the tanks of collected liquid need to be emptied and when the drying process is expected to finish. Regular on-site inspections would be eliminated as well. The machine provider knows when the unit can be picked up and redeployed, thereby improving capacity utilisation and also saving electricity. This results in more cost-effective and transparent order processing, improving the operator's reputation with the insurance company which has already recorded the operating time for settlement in its systems.

VISIONS

Personal financial status exact to the second

Various apps and mobile websites make information such as stock market prices or deposit and account balances available at any time even today. To avoid credit card abuse, customers can have themselves notified of every credit card transaction in real time by e-mail or text messaging. Wouldn't it be ideal if all financial information for the customer was brought together in one place and matched the account balances exact to the second? Initiatives along these lines are already in progress to expand the existing offerings of financial service providers with personal financial optimisation components. All available financial information can be automatically categorised and formatted. Transferring and integrating the detailed data for individual payment transactions then creates true added value for the customer. In concrete terms, the detailed data for a credit card payment could be transferred from the payment systems of the retailer. This establishes the basis for automated and personalised financial recommendations aimed at the individual optimisation of the financial situation. The customer can obtain information at a glance and accept or reject a recommendation at the push of a button. While the bank benefits from a high level of automation and valid base data, transparency of the personal financial situation and its further optimisation improves customer loyalty.



Preventive healthcare management

The trend to capture and analyse health-related data on mobile devices continues unabated. Numerous "wearables" as well as conventional mobile telephones continuously capture data using fitness apps. While this information is only collected on a decentralised basis today, this could soon develop into a structured delivery process to control and ensure public health. All that would be required is for various stakeholder groups such as health insurers, fitness studios and app operators to agree on the common use of data with consumer consent. For business partners this yields potential inherent in customer access and retention. They would be able to deliver individualised offers. Health insurers would also have new possibilities to manage preventive healthcare, including support for persons with pre-existing conditions. Con-

sumers would obtain qualified healthcare support along with added incentives for a healthy lifestyle in the form of premiums offered by partners when predefined goals are met.





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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. By developing its own software solutions, adesso increases its market penetration, carving out a prominent position in IT topics of the future such as mobilisation or 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 2014, the Executive Board set sales growth targets well above the market average of 6 % to 9 % of between EUR 144 million and EUR 148 million, higher operating earnings, measured as EBITDA, of between EUR 8.5 million and EUR 9.0 million, and an increase in the EBITDA margin to more than 6.0 %. All targets were met and exceeded.

The Supervisory Board appointed a new member to the Executive Board on 1 April 2015 in order to maintain the pace of growth while continuing the strategy of intensively involving the Executive Board in business operations.

Employees and Structure

Founded in 1997, adesso had a total of 1,377 employees (FTE) in Germany, Austria, Switzerland, England, Turkey, and the USA at the end of 2014. While the adesso Group employs 141 (previous year: 115) staff outside of Germany, 882 (previous year: 768) 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 costs as low as possible, adesso maintains eight other offices in all of Germany's major economic regions. Worldwide locations are Boston, Istanbul, London, Vienna and Zurich. The newest location in Jena with a focus on e-commerce business models was opened in 2014.

In addition to adesso AG, the largest operating unit and parent company, the Group also includes majority-owned companies, consolidated subsidiaries of subsidiaries, a joint venture company 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 indicators featured in the reports are sales, EBITDA, pre-tax earnings (EBT), EBT margin, number and proportion of employees not operating at full capacity, headcount 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 will be created for the full year in order to detect possible deviations for each group company early on. 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 in 2014 for the first time since 2010. After very moderate growth of 0.1 % in gross domestic product during the previous year, 1.6 % growth was achieved in 2014. Developments varied during the year even though the German economy proved stable overall on average. After economic output actually decreased in the second quarter and only moderate positive growth was achieved in the third quarter, the German federal government scaled back its economic forecast for the entire year significantly in the autumn by 0.6 percentage points to 1.2 %. Uncertainty has increased in Germany as well in view of geopolitical crises, and the economic expectations were affected by the moderate development of the world economy with increasingly uncertain sales opportunities. A recovery commenced in the final months of the year, driven by high employment levels and strong consumption. The weaker euro boosted exports and lower oil prices caused real incomes to rise. Incoming orders, sales and industrial production increased in the final quarter.

Accordingly, the German economy was able to perform well in a challenging global economic environment in 2014. As in previous years, high employment levels and private consumption proved themselves as stabilising factors. Investments in equipment and buildings along with foreign trade provided additional impulses. The German federal government expects the economic recovery started in the final quarter of 2014 to initially continue in 2015. Its annual projection for 2015 calls for 1.5 % GDP growth during the year.

Solid GDP growth of 1.8 % was achieved in Switzerland during 2014 as well. On the other hand, the economic recovery failed to meet expectations in Austria with GDP growth between 0.3 % and 0.4 % in 2014.

Industry-specific Conditions

According to investigations carried out by the BIT-KOM industry association, the German IT products and services market expanded by 4.3 % to EUR 77.8 billion in 2014. Momentum increased again for the first time since 2010, and in fact nearly doubled compared to the previous year. In relation to overall economic development, the IT market developed almost three times as fast. After losing some momentum in the previous year, the software segment grew by 0.6 percentage points to 5.6 % and reached a market volume of EUR 19.1 billion in 2014. adesso's sales in its key IT Services segment grew by 1.0 percentage points over the previous year to 2.7 %. The market volume of this segment now amounts to EUR 36.3 billion. Industry-specific conditions therefore continued to be positive for adesso's business performance.

Business Performance

There were no individual events that could be seen as having significantly affected the business performance in the reporting period.

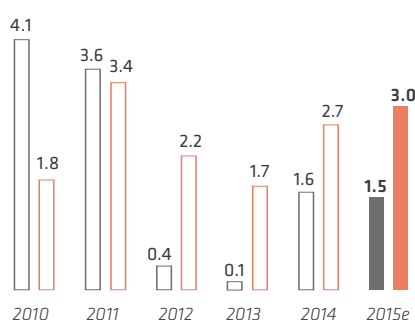
Overall Statement on Business Performance by the Management

The adesso Group was able to improve sales and operating earnings by 16 % and 26 % year on year respectively, achieving its 2014 targets in those key figures. The goal to increase the EBITDA margin to more than 6.0 % was also reached with 6.2 %. Requirements for further market penetration were met in the USA. An important milestone in setting up the future business area adesso insurance solutions was reached with the recruitment of a pilot customer for the development of additional industry products in health and property insurance. Pre-tax earnings increased from EUR 4.6 million to EUR 7.3 million. On this basis, the Executive Board has proposed to increase the dividend by 19 % to EUR 0.25 per share.

GROWTH OF GDP COMPARED TO IT-SERVICES MARKET

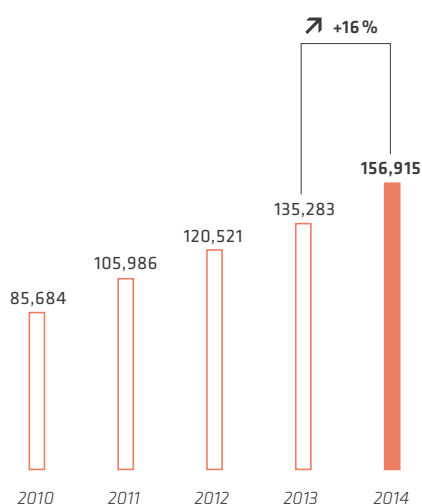
in %

■ BIP (real) ■ IT-services



GROWTH IN SALES

in EUR k



Position

Earnings Situation

Growth in Sales

In financial year 2014, adesso increased its sales from EUR 135.3 million to EUR 156.9 million, which amounted to sales growth of 16 %. All of this growth was organic by expanding the existing business activities and growing the service and product portfolio, without acquisitions. With market growth of 2.7 % for the industry, adesso once again had significantly higher organic growth than the market as it did in previous years, and was therefore able to gain market share.

During the year, sales revenues increased from EUR 74.6 million in the first six months to a new high of EUR 82.4 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 and higher licence sales. Even though much higher sales were generated in 2014 by developing alternative business models, such as settlement by the number of transactions or the number of claims processed, the total remains below EUR 1 million.

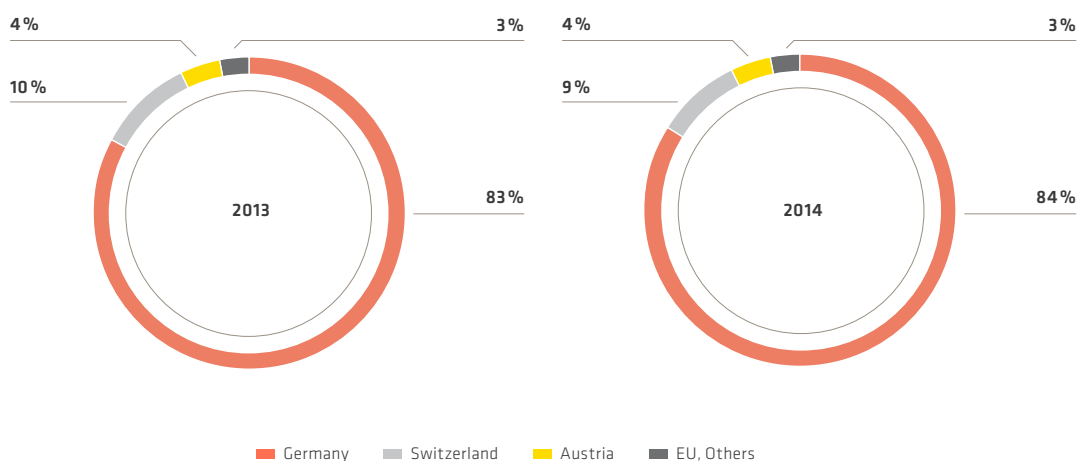
In the IT Services segment, the adesso subsidiary in Germany was able to significantly increase sales

by 16 %. Switzerland generated 16 % year-on-year growth after a challenging previous year and Austria posted growth of 12 %. A major project was stopped in Austria at the beginning of 2014, but this shortfall was more than compensated by new orders. This established the basis for the improvement in results that was achieved. "Expert Resourcing" developed successfully as well with 72 % sales growth to a total of EUR 10.2 million. Most of the sales with external experts are generated in the context of adesso Group projects. External resources are used here for capacity reasons or to obtain highly specialised knowledge. An additional contribution to sales growth in the IT Services segment was made by the business activities in Turkey as well as Smart Hosting & Cloud Services.

In the IT Solutions segment, licence and maintenance sales in the Content Solutions business area for the high-end content management system FirstSpirit were increased by 20 %. Here, the investments in our international presence paid off in the form of significant sales in the USA, Switzerland and Benelux. Sales once again increased disproportionately in the Mobile Solutions business area, by 28 % to EUR 6.7 million. 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 Ger-

SALES BY COUNTRY

in %



many. 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 of many business models.

The IT Services segment achieved a growth rate of 18 %, and the IT Solutions segment 24 %. Intergroup sales between the segments increased by 38 %.

Sales were increased with many of the top 10 customers and the share of total sales remained nearly constant at 40 %. With a 16 % increase in total sales revenues, adesso successfully continued to strengthen its position as a strategic IT partner – also among the top 10 customers.

The biggest sales increase was achieved in the core public administration sector. Significant sales growth was also generated in healthcare. Sales increased again in the energy industry for the first time since completing the restructuring. Business with banks and insurance companies, which are core industries for adesso, nearly reached the very high level of the previous year. “Cross Industries”

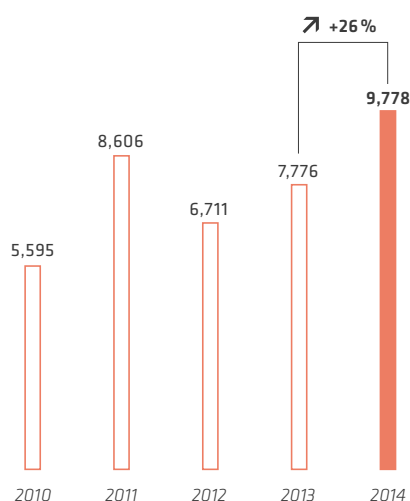
outside the core industries generated 31 % higher sales for a total of EUR 56 million. The increase is due to, among other things, several major projects in the e-commerce environment, higher licence sales with the cross-industry product FirstSpirit and more intensive business activities in the Automotive & Transportation sector. This is being transferred to a separate line of business in 2015 according to the adesso growth strategy, which will further promote the growing business with leading automobile manufacturers and suppliers. Sales with customers outside of Germany increased by 12 % in 2014 to EUR 24.7 million. This was achieved mainly outside the DACH region in the USA, the Netherlands and Turkey.

Earnings

Operating earnings (EBITDA) increased by 26 % in 2014 and the EBITDA margin was improved from 5.7 % to 6.2 %. The targets were therefore exceeded. Organic sales growth of 16 % was the most important driver for this major improvement in results. A higher gross margin per employee was also realised through improved daily rates. The profit margin from external resources and the maintenance and licence sales that were generated, which have a major influence on earnings, increased as well. Capacity utilisation remained virtually unchanged year on year.

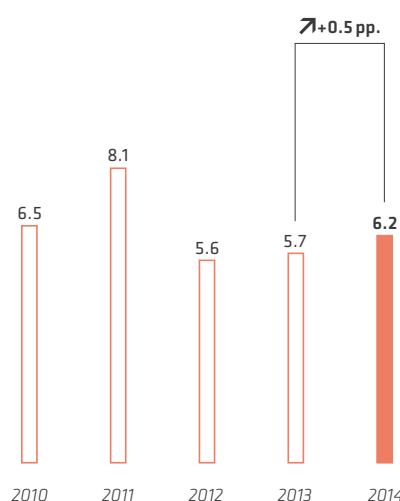
EBITDA DEVELOPMENT

in EUR k



EBITDA MARGIN

in %



At sales growth of 16 %, the average number of employees (FTE) grew by only 12 %, or 142 employees, to 1,298 in 2014. With a much higher material usage ratio of 12.1 % (previous year: 10.2 %), gross profit per employee nevertheless increased by 1 % to EUR 106 thousand (previous year: EUR 105 thousand). At EUR 2.1 million, other operating income fell by EUR 0.1 million year on year.

The cost of materials at EUR 19.0 million (previous year: EUR 13.8 million), mainly for the project integration of subcontractors, increased significantly faster at 38 % compared to sales. This development is not so much the expression of a controlled strategy. Rather it is the result of some special customer situations and the more restrictive policy of many enterprises in regard to the direct employment of freelancers in their own projects. Gross profit grew more slowly than sales, by 14 % to EUR 137.9 million (previous year: EUR 121.5 million), as a result. Personnel costs also increased by 13 % to EUR 98.9 million. There was a minor increase in the average personnel costs per employee to EUR 76 thousand. The year-on-year change in personnel costs therefore had a neutral effect on the operating margin.

Other operating expenses increased 12 % to EUR 31.6 million (previous year: EUR 28.1 mil-

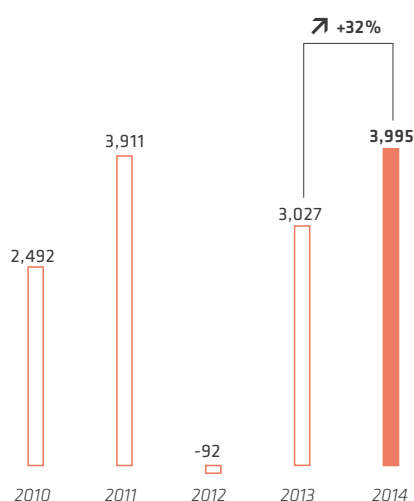
lion), mainly due to the greater number of employees. Costs such as travel, vehicle and training expenses tended to increase proportionately with each employee. There was a major increase in occupancy and related costs in 2014 due to moving into the new corporate headquarters in Dortmund. This became necessary in order to bring the staff, which had been distributed across three buildings because of growth, back to one central location and to provide space for further growth. 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 2014.

Total operating earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 26 %, or EUR 2.0 million, in 2014 to EUR 9.8 million (previous year: EUR 7.8 million). The target corridor for 2014 of EUR 8.5 million to EUR 9.0 million was therefore exceeded. The operating EBITDA margin is 6.2 % compared to 5.7 % in the previous year.

Income increased significantly in the second half of the year. After EBITDA of EUR 3.3 million and an EBITDA margin of 4.4 % in the first half of 2014, the results in the second half of the year increased to EUR 6.5 million and 7.9 %, respectively. The increase during the year is largely due to the higher

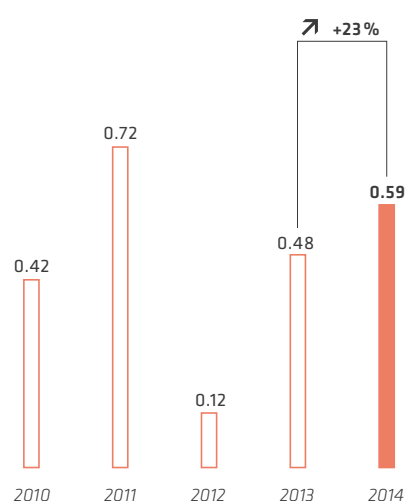
CONSOLIDATED EARNINGS

in EUR k



EARNINGS PER SHARE

in €



number of potential working days, improved earnings in Austria and higher licence sales.

Both segments contributed to the increase in earnings. Higher earnings in the IT Services segment were mainly due to the divisions Arithnea (e-commerce), adesso Austria and the business with external specialised precision services. In the IT Solutions segment, the adesso mobile solutions division generated 125 % growth in profits and e-Spirit improved earnings among other things thanks to progress in developing the international presence. Depreciation and amortisation fell by EUR 0.5 million to EUR 2.4 million in the reporting period. This figure includes scheduled amortisation of intangible assets such as customer lists and order backlog from mergers in the amount of EUR 0.4 million (previous year: EUR 0.8 million). It also includes depreciation on property, plant and equipment, which increased

significantly by EUR 0.5 million to EUR 1.8 million due to moving into the new building in Dortmund. Goodwill impairment losses of EUR 0.2 million on the gadiv business unit were also recognised in 2014. Extraordinary depreciation and amortisation of EUR 0.8 million on the business unit in Austria was recognised in the previous year.

Income from financing and investing activities amounted to EUR -83 thousand, after EUR -217 thousand in the previous year. Interest expenses fell due to the decrease in the average portfolio of interest-bearing liabilities from the regular repayment of loans. Earnings before taxes (EBT) increased significantly due to higher operating earnings, the decrease in depreciation and amortisation, and the higher income from financing and investing activities, by 58 % to EUR 7.3 million (previous year: EUR 4.6 million). Income tax expenses were

CONSOLIDATED INCOME STATEMENT

in EUR k	2014	2013	2012	2011	2010
Sales revenues	156,915	135,283	120,521	105,986	85,864
Other operating income	2,069	2,150	2,857	1,703	1,350
Own work capitalized	274	0	290	910	0
TOTAL INCOME	159,258	137,433	123,668	108,599	87,034
Costs of material	-18,980	-13,789	-13,767	-13,292	-9,422
Personnel costs	-98,903	-87,739	-77,426	-65,454	-54,604
Other operating expenses	-31,597	-28,129	-25,764	-21,247	-17,413
EBITDA	9,778	7,776	6,711	8,606	5,595
Depreciation and amortisation	-2,407	-2,936	-4,154	-3,454	-2,934
EBIT	7,371	4,840	2,557	5,152	2,661
Income from financing and investment activities	-83	-217	-139	-150	-203
EBT	7,288	4,623	2,418	5,002	2,458
Income taxes	-3,293	-1,596	-2,510	-1,091	34
Consolidated earnings	3,995	3,027	-92	3,911	2,492
Gross income	137,935	121,494	106,754	93,695	76,262
Gross income margin (in %)	88 %	90 %	89 %	88 %	89 %
EBITDA margin (in %)	6.2 %	5.7 %	5.6 %	8.1 %	6.5 %
Growth in sales	16 %	12 %	14 %	24 %	20 %
Change in personnel costs	12 %	13 %	18 %	20 %	20 %
Change in other operating expenses	13 %	9 %	21 %	22 %	21 %

EUR 3.3 million (previous year: EUR 1.6 million). No deferred tax assets were recognised on current losses of subsidiaries in the amount of EUR 2.1 million, so that the arithmetical tax rate came in at 45 % (previous year: 35 %). Overall, this resulted in positive consolidated earnings of EUR 4.0 million in 2014 compared to EUR 3.0 million in the previous year. The proportion of consolidated earnings allocated to minority interests increased from EUR 0.2 million in the previous year to EUR 0.6 million, due in particular to higher earnings of the Arithnea division. As a result, the proportion of consolidated earnings allocated to adesso's shareholders rose by 23 %, from EUR 2.8 million to EUR 3.4 million. Earnings per share are EUR 0.59 compared to EUR 0.48 in the previous year.

Orders

The order volume continued to increase in parallel to sales growth. Demand remained consistently dynamic in the course of the year. A general slump in demand was not observed in any region, segment or industry. A large order was obtained in the insurance sector for the development of additional components for adesso insurance solutions. Business activities continue at the start of 2015 with the vast majority of the leading customers for 2014.

Employees

The leading performance figures for employees developed as follows:

EMPLOYEE INDICATORS

	2014	2013	2012	2011	2010
Employees at year end	1,499	1,352	1,138	922	789
Full time equivalents (FTE) at year end	1,377	1,221	1,084	847	729
Full time equivalents (FTE), average for the year	1,298	1,156	1,007	784	683
Sales per Ø FTE (in EUR k)	121	117	120	135	126
Gross profit per Ø FTE (in EUR k)	106	105	106	118	112
Personnel costs per Ø FTE (in EUR k)	76	76	77	83	80

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 based on 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. Factoring or other methods of selling receivables are not used.

Kapitalstruktur

Financing is needed primarily for the receivables portfolio and services that have not been settled in the amount of EUR 34.7 million (previous year: EUR 29.0 million). Working capital (trade accounts receivable plus receivables PoC less trade accounts payable less liabilities PoC) was EUR 23.6 million as of 31 December 2014 (previous year: EUR 21.7 million). The need for advance financing of business operations therefore increased by 9 % year on year, whereas sales rose by 16 %. However, there were no significant changes in customer payment patterns or in receivables management. Two loans for acquisitions totalling EUR 2.2 million were taken out in 2014 to finance furnishings for the newly occupied corporate headquarters in Dortmund. The portfolio of interest-bearing financial liabilities increased as a result, from EUR 5.4 million in the previous year to EUR 5.7 million on the reporting date. The remaining terms of the loans on the reporting date range from six months to seven years. Interest is fixed over the entire term. A fixed interest rate was secured for a variable interest-bearing loan by means of an interest rate swap. This loan was fully repaid by 31 December 2014. All interest – bearing liabilities are denominated in euros. Credit balances are largely available in the short term and bear interest at fixed rates. Net liquidity (liquidity less interest-bearing liabilities) is EUR 18.0 million (previous year: EUR 16.3 million).

Investments, Acquisitions and Divestments

The adesso business model requires relatively low investments in property, plant and equipment. The property, plant and equipment of EUR 4.9 million (previous year: EUR 2.0 million) largely consist of hardware such as laptops and servers as well as office furnishings. This significant increase is due to the investments in the new corporate headquarters. There are no significant subsequent obligations from property, plant and equipment investment projects as of 31 December 2014, and no investment backlog to report. There were no company acquisitions in the reporting period. adesso founded a company together with a customer in 2014, with adesso holding 24 % of the shares and a stake of EUR 120 thousand of paid-up share capital.

Liquidity

Cash and cash equivalents total EUR 23.7 million on the reporting date (previous year: EUR 21.6 million). They are partly offset by interest-bearing liabilities, mainly from acquisition loans, in the amount of EUR 5.7 million (previous year: EUR 5.4 million). As a result, net liquidity (liquidity less interest-bearing liabilities) increased by EUR 1.7 million to EUR 18.0 million (previous year: EUR 16.3 million).

Cash flow from operating activities rose noticeably from EUR 7.6 million in the previous year to EUR 9.2 million. This increase is largely due the EUR 2.7 million growth in earnings before taxes. Following the release of EUR 2.0 million in the previous year resulting from the change to net operating assets, an additional EUR 0.2 million was tied up in 2014 due to the disproportionate increase in trade accounts receivable compared to sales. Cash flows from investment activities were EUR -5.4 million (previous year: EUR -1.2 million). This pronounced increase resulted from expenditures for acquiring new office and technical equipment for the new corporate headquarters in Dortmund. Cash flows from financing activities were only EUR -1.7 million compared to EUR -6.0 million in the previous year. This was the result of taking out EUR 2.2 million in new loans and the reduced repayment of financial liabilities in the amount of EUR 2.6 million (previous year: EUR 4.3 million, of which EUR 1.1 million was a subsequent purchase price payment to the sellers of Arithnea GmbH). Dividends of EUR 1.5 million (previous year: EUR 1.6 million) were paid out, of which EUR 1.2 million went to adesso AG's shareholders (previous year: EUR 1.0 million). Accordingly, cash and cash equivalents changed by EUR 2.1 million, compared to EUR 0.4 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 avilment 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 2015. 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.

CASH AT BANK 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>
2010	17,021	-2	7,659	-11
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

DEVELOPMENT OF LIQUIDITY

<i>in EUR k</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>Change 2014</i>
Liquid assets	23,724	21,644	21,280	2,080
(-) Interest-bearing liabilities	5,747	5,356	7,707	391
(=) Net cash position	17,977	16,288	13,573	1,689
Net cash positions in relation to sales	11 %	12 %	11 %	-1 pp.
Liquid assets	23,724	21,644	21,280	2,080
(+) Trade accounts receivable and receivables PoC	34,655	29,011	29,306	5,644
(-) Current liabilities	38,209	32,687	33,746	5,522
(=) Net cash position 2	20,170	17,968	16,928	2,202

FINANCIAL POSITION

<i>in EUR k</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Liquid assets	23,724	21,644	21,280	22,491	17,021
Interest-bearing liabilities	5,747	5,356	7,707	4,785	6,852
Net cash position	17,977	16,288	13,573	17,631	10,169
Cashflow from operating activities	9,248	7,646	373	10,188	4,209
Cashflow from investment activities	-5,408	-1,231	-2,624	-1,876	-573
Cashflow from financing activities	-1,735	-6,007	1,103	-2,888	-4,034
Currency translation differences	-25	-44	25	46	79
Total change in liquid assets	2,080	364	-1,211	5,470	-319
Income from financing	-83	-220	-139	-150	-203

Net Assets

Analysis of the Asset Structure

Total assets on the reporting date increased year on year by 12 %, or EUR 8.9 million, to EUR 84.0 million. On the assets side, trade accounts receivable increased by EUR 5.1 million, which was mainly due to sales growth, while property, plant, and equipment increased by EUR 3.0 million because of the investments in the new corporate headquarters. Overall, current assets therefore grew faster than non-current assets. On the liabilities side, the current liabilities, in particular trade accounts payable, increased by EUR 5.5 million in parallel to developments on the assets side. Equity increased as well, amounting to EUR 38.7 million compared to EUR 36.0 million in the previous year. The equity ratio fell to 46.1 % compared to 48.0 % in the previous year.

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 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 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.

Capacity utilisation was improved in 2014 compared to the previous year. The value is within the target corridor.

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 in 2014 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 2014 the increase in the daily rate for projects billed on a time and materials basis was satisfactory.

Calculated Daily Rates and Budget Overruns for Fixed-price Projects

MULTI-PERIOD VIEW OF ASSETS AND LIABILITIES

<i>in EUR k</i>	2014	2013	2012	2011	2010
Balance sheet total	84,030	75,129	76,940	69,850	62,320
Current assets	60,789	53,004	52,735	46,690	38,907
of which liquid assets	23,724	21,644	21,280	22,491	17,021
of which trade accounts receivable and receivables PoC	34,655	29,011	29,306	22,718	20,285
Non-current assets	23,241	22,125	24,205	23,160	23,413
Current liabilities	38,209	32,687	33,746	29,261	23,921
of which loans and other financial liabilities	1,597	2,567	4,482	2,236	2,173
of which trade accounts payable and liabilities PoC	11,055	7,263	7,284	8,205	5,771
Non-current liabilities	7,073	6,398	8,718	6,221	7,497
thereof loans and other financial liabilities	4,150	3,525	5,877	3,642	5,486
Equity	38,748	36,044	34,476	34,368	30,902

FINANCIAL PERFORMANCE INDICATORS

	2014 target	2014 actual	target corridor
Growth in sales (organic)	6 to 9 % up EUR 144 to 148 million	16 % to EUR 157 million (EUR 157 million organic)	At least twice industry growth (2014: 2.7 %)
EBITDA	EUR 8.5 to 9.0 million	EUR 9.8 million	-
EBITDA margin (indirect)	> 6.0 %	6.2 %	9 to 11 %

PERFORMANCE INDICATOR CAPACITY UTILISATION INVERSE

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

PERFORMANCE INDICATOR BOOKING INTENSITY

	2014	2013	target corridor
Annual average	88 %	92 %	85 % to 95 %
Maximum	93 %	97 %	100 %
Minimum	73 %	75 %	75 %

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 2014, the calculated daily rate for fixed-price projects was increased even though budget overruns went up.

adesso AG also examines employee aspects as non-financial performance indicators. As a fast-growing premium IT service provider, adesso depends on the ability to attract 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 2014, the number of applications received and the initial interviews were increased significantly above the sales growth rate. The number of new hires on the other hand fell so that this target was not met. While the turnover ratio increased, it remained within the target corridor.

Group management also examines the development of licence and maintenance sales from the FirstSpirit product as an internal performance indicator, since licence sales in a short-term quarterly and financial year view have a major direct impact on earnings, and because maintenance sales form the basis for growing the development and marketing cost base of the product. Licence and maintenance sales were increased in 2014 and the targets were exceeded.

SUBSEQUENT EVENTS

No further events of material importance to adesso AG occurred after the reporting date on 31 December 2014.

FORECAST, OPPORTUNITIES AND RISK REPORTS

Forecast Report

Group Orientation over the Next Two Financial Years

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. Sales generated abroad are to be increased, in particular, through further internationalisation of sales of the FirstSpirit product and the adesso subsidiary being established in Turkey. The planned bundling of solutions for insurance products, as part of the development of adesso insurance solutions, should help adesso to position itself increasingly as a product partner, in addition to its strong positioning as a sought-after IT service partner. As the company aims to maintain its high pace of growth and innovation, there will be a negative impact on the operating EBITDA margin in the next two years. However, a reduction of that margin should be avoided.

Future Macroeconomic Situation

After three years of decreased economic growth in Germany, in 2014 there was a significant 1.6 % year-on-year increase in gross domestic product. Since the summer of 2014, which was negatively affected by crises, the German federal government believes there are indications that the current recovery may solidify. The recovery is expected to continue in 2015, even though growth is not expected to accelerate over the year as a whole. In its annual

Economic Report
Subsequent Events
Forecast, Opportunities and
Risk Reports

LEISTUNGSINDIKATOR TAGESSATZ T&M

	2014	2013	target corridor
Annual average	+ 4 %	- 2 %	at least + 2 %

PERFORMANCE INDICATOR FIXED-PRICE PROJECTS

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

PERFORMANCE INDICATOR

	2014	2013	Target corridor
Development of applications	+ 24 %	+ 29 %	> Growth in Sales compared to previous year
Development of initial job interviews	+ 17 %	+ 15 %	> Growth in Sales compared to previous year
New hires (all positions)	259	294	> previous year
Fluctuation rate (change and maximum)	+ 1.8 pp., < 10 %	- 1,3 pp., < 10 %	Improvement and < 10 %

PERFORMANCE INDICATOR FIRSTSPIRIT

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

economic forecast, the German federal government predicted an average year-on-year GDP increase of 1.5 %. Positive impetus in the domestic economy will result from increases in income and ongoing job creation, as well as the minimum wage and the extension of pension benefits. The international economic environment continues to be seen as difficult as a result of geopolitical tensions and continuing weak growth in the eurozone. Low oil prices will drive growth. The low value of the euro means moderate increases in exports are expected.

Based on information provided by an expert group commissioned by the Swiss government, the Swiss State Secretariat for Economic Affairs, SECO, is expecting moderately increased growth of 2.1 % in 2015 and of 2.4 % in 2016, following growth of 1.8 % in 2014. The forecast is based on the assumption that the recovery in the eurozone will continue and signals increasing uncertainty regarding economic development based on the most recent indicators of sentiment.

On the basis of forecasts published by the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS), the Austrian Federal Ministry of Economics, Family and Youth is anticipating growth in Austrian GDP of between 0.5 % and 0.8 % in 2015 and between 1.1 % and 1.6 % in 2016.

As a result, 2015 will continue to offer a favourable macroeconomic climate for adesso, although, taking into account actual development in previous years, it also continues to pose risks. 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. However, due to measures taken and the trend towards stabilisation of the financial sector and the eurozone thus far, it is not yet expected that the positive trend in terms of further economic growth in adesso-relevant sectors will take a turn for the worse in 2015 and 2016.

Future Industry Situation

According to industry association BITKOM, the IT market in Germany will continue to develop far more positively than the economy as a whole in 2015, with

market volume increasing to EUR 79.7 billion. The expected growth rate of 2.4 % in 2015 is almost 1 percentage point higher than that of gross domestic product overall, although the sector will be significantly less dynamic than in 2014. Within the information technology sector, BITKOM expects the software segment to achieve the highest growth, at an almost unchanged rate of 5.5 %. The IT services segment, which is particularly relevant to adesso, is expected to grow by a further 3.0 %. According to BITKOM's forecasts, the growth of the IT market in 2015 will be exclusively driven by the IT services and software segments, which are relevant to adesso and which will compensate for the slight decrease in the third market segment, hardware. adesso's internal forecasts predict growth of 3 % in the markets relevant to the company 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 2015:

- > An increase in sales revenues of between 6 % and 9 % to between EUR 166 million and EUR 171 million is expected (2014: sales revenues of EUR 157 million were achieved, target: EUR 144 million to EUR 148 million).
- > An operating result, EBITDA, in the range between EUR 9.8 million and EUR 10.5 million is expected (2014: an operating result of EUR 9.8 million was achieved, target: EUR 8.5 million to EUR 9.0 million), a planned increase of 7 %.
- > The operating EBITDA margin is again expected to be at least 6.0 % (2014: an operating EBITDA margin of 6.2 % was achieved, target: at least 6.0 %).

This growth, which is significantly above the industry average, is expected to predominantly originate from the IT Services business area. The 12 % expansion of the headcount in the adesso subsidiary in Germany in 2014 has also led to rising expectations for 2015 in terms of sales. Turkey is also expected to register growth. In view of the

sustained high demand for consultancy services and development in the enterprise mobility segment, adesso mobile solutions is also expected to continue its above-average growth

The planned increase in the operating result is primarily based on growth targets and the expected improvement in results in Austria and Turkey. A large increase in operating results will be offset by investment in the regional expansion of Group companies Arithnea (e-commerce) and adesso mobile solutions, and an increase in the cost base in the USA relating to the envisaged even broader positioning of FirstSpirit, as well as the disproportionate increase in fixed costs at adesso AG resulting from the forward-looking construction of its new corporate headquarters in Dortmund.

A higher contribution to earnings is expected in the second half of the year because it has 131 potential working days, which is nine days, or 7 %, more than the first half of the year. Based on previous years, this makes an enormous difference. Moreover, experience has shown that licence sales are higher in the second half of the year.

For 2016, 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 2015 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 in the event of the potential acquisition of an unusually large or profitable company of extremely high strategic value for adesso, would there be any deviation from this strategy.

Based on this, the Executive Board is continuing to pursue its dividend policy, which envisages a well-balanced combination of investments in growth, financial stability and the participation of shareholders in the company's profit. If the profit targets can be achieved to a large extent, the Executive Board will strive to further increase the dividend. The dividend proposed for 2015 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 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. As of the reporting date, there were no cases where a customer refused to accept delivery (previous year: one case). No customers claimed back payments totalling more than a hundred thousand euros (previous year: one customer/several hundred thousand euros). 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 because the legal claims in the previous year regarding payments totalling several hundred thousand euros have been successfully defeated and the fixed-price project that began in Austria in the previous year and

that was subject to significant losses has been completed. In the previous year, a customer in Austria also threatened damage claims of EUR 1.3 million 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 2014.

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 under-way. 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 %. In spite of this, the negative effects of budget overspends in fixed-price projects over the past few years have risen. In order to counteract this trend, 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 2014 and are now used routinely. Expenses arising from budget overspends 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 2014, thereby clearly exceeding planned sales, as was also the case in the previous year. General expectations in terms of economic development in 2015 are cautiously optimistic and foresee stable growth. Demand appears to be at a solid level, as in previous planning periods, despite the fact that the crisis in Ukraine and the Greek sovereign debt crisis could lead to abrupt changes in the overall economic climate. Those factors are considered less of a risk than in the previous year, partly because of the rate of adesso's organic growth. In IT Services, capacity utilisation is expected to be average in 2015. 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.

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. Plan deviation risk will increase slightly in IT Solutions in 2015 because expected licence sales from the FirstSpirit product in the USA is significantly higher than in the previous year. As the cost base in the USA increased in 2014, and further increases in marketing costs have been budgeted for 2015, below-plan perfor-

mance in this area could have a significant impact on the performance situation of adesso Group.

In each business area, there are detailed plans in which actual figures and previous year's figures are compared on a monthly basis. A revised forecast continues to be produced to detail emerging plan deviations at an early stage. The corresponding reports form the foundations for monthly meetings on business development and business prospects. This applies to all companies of adesso Group.

Financial Risks

The risks posed by the financial situation and liquidity have decreased. Cash and cash equivalents and the net cash position increased year on year, even though a new loan of EUR 2.2 million was taken out in 2014 to finance investment in the new corporate headquarters in Dortmund. That loan, and acquisition loans taken out in previous years, must be repaid regardless of the economic performance of the company. However, liquid assets far exceed loan liabilities meaning that the complete repayment of loans using cash reserves remains a possibility.

Currency risks remain low for adesso, but are again increasing compared to the previous year due to growing sales revenue outside the euro-zone and the pronounced 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). However, the possibility cannot be ruled out that financial administration at adesso AG will not recognise the restructuring of business operations of BOV AG in accordance with

Section 8 (4) Körperschaftssteuergesetz (KStG – German Corporation Tax Act) at all or to the full extent. Failure to do so would mean that the commercial and corporate tax loss carry-forwards of adesso AG would be eliminated in whole or in part. Tax expenses in adesso AG's 2014 annual report would increase by EUR 1,872 thousand without the utilisation of loss carry-forwards and, since the loss carry-forwards have been utilised, by a total of EUR 8,624 thousand. In the event that fiscal authorities do not recognise this tax benefit, this amount would have to be reported in the income statement and paid out less interest on arrears of EUR 1,043 thousand (calculated as of 31 December 2014). In addition, the deferred tax assets on loss carry-forwards previously offset against deferred tax liabilities of EUR 2,827 thousand would have to be recognised as a liability, which would have substantial negative implications for adesso AG's net assets, financial position and results of operations. Fiscal authorities have ordered a company audit for the period from 2009 to 2013 and began preparing the audit in February 2015. The results cannot be predicted at this time.

Loss carry-forwards existing for trade tax and corporation tax purposes as of the acquisition of evu.it GmbH (April 2010, under the name precision services GmbH as of the reporting date) have been utilised. However, the possibility cannot be ruled out that evu.it's financial administration will not recognise the restructuring of business operations in accordance with Section 8c (1) Sentences 6 to 9 German Corporation Tax Act (KStG) at all or to the full extent. Non-recognition would mean that the companies' loss carry-forwards existing for trade tax and corporation tax purposes as of the acquisition would expire either in part or in full. Without the utilisation of loss carry-forwards tax expenses in precision services GmbH's 2014 annual report would increase by EUR 216 thousand and by a total of EUR 275 thousand since the utilisation of the loss carry-forwards.

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: one) 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. For this reason, the possible losses for this risk factor have been increased. 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. However, the situation has not deteriorated compared to the previous year. By contrast, 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.

Employee turnover remained at a stable level in line with the average for the industry in 2014, with a slight increase at adesso AG. The risk of insufficient availability of experienced employees was again assessed as having increased. The cost of recruitment has risen further. The risk from high employee turnover and salaries increasing disproportionately to market prices was assessed as constant. As a result, personnel risk remains one of the Group's highly weighted main risks.

Other Relevant Risks

Risks from Business Activities in other Legal Systems

adesso Group continues to expand internationally and enter new legal systems. This involves risks relating to lacking knowledge of legal affairs and business practices. 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 2013 and 2014. 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. The company established adesso Turkey in Istanbul, which has begun operations. The number of employees in Turkey increased significantly

in 2014. Despite the expected growth of business in the USA and Turkey, this risk remains at an unchanged high level compared to the previous year and continues to be assessed as an other relevant risk, as the company has gathered one year's experience with regard to the new legal systems.

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. In 2014, the largest customer accounted for 8 % (previous year: 8 %) of total sales. A total of 38 % of overall sales were generated by adesso's ten largest customers (previous year: 10 %). Risks from the customer structure have been decreasing due to adesso's growth and the share of sales generated by the top ten customers has decreased. The expected reduction in sales to the top ten customers of approximately EUR 5 million occurred and was well compensated by other business. The risk is estimated to be lower than the previous year and remains an other relevant risk at this level. However, the abrupt loss of one of the top three customers or several of the Group's 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 as 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 4 % in 2014 compared to 2013, leading to a subsequent rise in the risk of realised average daily rates in the context of 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 employees 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. Among existing customers, the company was able to increase the daily rates moderately by 2 % to 3 % in 2014, 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, and it was necessary to accept a price reduction in the case of one major customer. 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, 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 reas-

signed to the other relevant risk category. With adesso insurance solutions, adesso is pursuing its strategy of becoming one of the most important providers of software solutions to 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. That has significantly increased the associated risk, compared to the previous year. However, those risks are offset by considerable growth in 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.

The risk of up to EUR 3 million from a review by the Federal Financial Supervisory Authority (BaFin – Bundesanstalt für Finanzdienstleistungsaufsicht) regarding suspicion of the late publication of insider information reported in the previous year no longer exists. In two of the three cases under review, BaFin imposed a lower monetary fine, and in the third case no fine was imposed. Provisions for the sums paid were included in the financial statements for the previous year.

Although the latent risk remains unchanged, the settlement of the dispute with BaFin led to a reduction in the risk factor compared to the pre-

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vious year. The organisation has been further sensitised with regard to ad hoc transparency obligations.

Overall Statement Concerning the Group's Risk Situation

The overall risk profile of adesso decreased slightly by 1 % to 505 points year-on-year. The modified assessment of income planning and general liquidity risks had a positive effect, as did lower customer cluster risk and reduced project risk. The increase in the assessed probability of occurrence of risks from the new development of products and solutions by adesso insurance solutions, in particular, had a negative effect. Liquidity risks from major projects, loss carry-forwards and employee risks were assessed as a more significant risk factor. 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 2015, there will be a wide range of further opportunities to expand business activities and increase profits. The PSLife system for life insurance is in a phase of intensive marketing and has already led to the acquisition of a new major customer. The acquisition of a major contract for the development of further products for the health and property insurance segments by adesso insurance solutions means that adesso is on the way to becoming an important provider of insurance solutions in Germany. Once complete, these systems will offer significant potential from projects for their implementation at additional customers. 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. The rapid development of the Automotive and Transportation area of business offers additional opportunities for growth.

The intensification of product internationalisation strategies in the UK and the USA since 2013 will lead to additional business prospects in subsequent years in terms of sales and profits. adesso also projects an increase in sales in Turkey.

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 to the reporting and accounting processes provides an outstanding basis for the standardised, correct representation of facts. Almost all companies use a standardised consolidated accounting system, minimising the number of discrepancies from the standard style of accounting. 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. 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 not authorised to acquire its own shares through adesso AG. 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 2014, 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 2014, founding shareholder and Supervisory Board Chairman 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 2014. 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 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 179 and 133 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 regulations 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 share-holders 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. The adesso AG Executive Board receives performance-related remuneration depending on the medium and long-term achievement of sales and operating result targets at both an adesso AG level and a group level. 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. 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. The additional model is based directly on the relevant metrics EBITDA and earnings per share (EPS), which are reported to adesso AG shareholders in the IFRS consolidated financial statements according. 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. Once a member of the Executive Board has chosen the EBITDA/EPS model, they may not switch back to the existing model. Two members of the Executive Board chose the new model for 2014.

The existing model is based on the total plan value of individual transactions according to local accounting regulations. It is made up of three elements: Profit sharing, “variable remuneration component 1” and “variable remuneration component 2”. Profit sharing is based exclusively on net income for the year before income taxes and amortisation of goodwill for adesso Group according to the respective national laws, without taking into account variable remuneration and profit sharing for members of the Executive Board. The sum of earnings generated by Group companies that is relevant for Executive Board targets is used, adjusted for items that do not conform with targets where applicable. Profit sharing is calculated on a linear basis at 0 % to 25 % of basic remuneration, depending on profitability, and is subject to minimum earnings on the part of adesso Group. The “variable remuneration component 1” is paid out depending on the degree to which the annual sales and profit targets are met. If the profit target is not reached or the sales target is not achieved to at least 80 %, no variable remuneration is paid. If both targets are achieved to at least 80 %, variable remuneration is determined according to the following rules. For each percentage point above the minimum target achievement of 80 %, in reference to profit defined as net income for the year before income taxes and amortisation of goodwill for the adesso Group according to the respective national laws, and without taking into account variable remuneration and profit sharing for members of the Executive Board, each member of the Executive Board receives EUR 750 as the variable remuneration component 1 limited to a maximum target achievement of 130 % or a maximum amount of EUR 37,500. The sum of earnings generated by group companies relevant for Executive Board targets, adjusted for items that do not conform with targets where applicable, is used to calculate profit sharing. The “variable remuneration component 2” is paid out depending on the degree to which targets are achieved within the past four years and the current year. This takes into account the objective of including a medium

to long-term component in Executive Board remuneration. “Variable remuneration component 2” is calculated as the average of “variable remuneration component 1” for the year under review and the second-lowest of the past four years. In combination with variable remuneration for the respective year, profit sharing is not permitted to exceed one-fifth of the total profit for adesso.

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 2014. 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) 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 will receive virtual stock options from the financial year 2014. The aim of the virtual stock options is 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.

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.

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 chairman 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) Sentence 6 HGB and further information pursuant to the German Corporate Governance Code, we 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>2014</i>	<i>2013</i>
CURRENT ASSETS			
Cash on hand and at bank	1.	23,724	21,644
Trade accounts receivable	2.	29,958	24,837
Receivables PoC	3.	4,697	4,174
Receivables from income taxes	10.	301	670
Financial assets	4.	128	223
Other assets	5.	1,981	1,456
		60,789	53,004
NON-CURRENT ASSETS			
Goodwill	6.	12,992	13,191
Intangible assets	6.	1,068	921
Property, plant and equipment	7.	4,938	1,981
Shareholdings recognized under the equity method	8.	222	78
Financial assets	9.	400	379
Receivables from income taxes	10.	25	37
Deferred taxes	10.	3,596	5,538
		23,241	22,125
TOTAL ASSETS		84,030	75,129

Consolidated Balance Sheet

EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>Notes</i>	<i>2014</i>	<i>2013</i>
CURRENT LIABILITIES			
Financial liabilities	11.	1,583	2,567
Trade accounts payable	12.	8,098	5,469
Liabilities PoC	12.	2,957	1,794
Liabilities from income taxes	10.	888	540
Provisions	13.	3,136	3,034
Other current liabilities	14.	21,547	19,283
		38,209	32,687
NON-CURRENT LIABILITIES			
Financial liabilities	11.	4,141	3,524
Pensions and similar liabilities	15.	761	690
Provisions	13.	1,627	1,007
Other non-current liabilities	14.	177	283
Deferred tax liabilities	10.	367	894
		7,073	6,398
EQUITY			
	16.		
Subscribed capital		5,794	5,763
Capital reserve		10,582	10,406
Other retained earnings		16,801	15,265
Reserve for currency conversion		458	452
Consolidated earnings		3,995	3,027
Minority interest		1,118	1,131
		38,748	36,044
TOTAL EQUITY AND LIABILITIES			
		84,030	75,129

CONSOLIDATED INCOME STATEMENT

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	<i>Notes</i>	<i>2014</i>	<i>2013</i>
Sales revenues	17,	156,915	135,283
Other operating income	18,	2,069	2,150
Own work capitalised		274	0
TOTAL INCOME		159,258	137,433
Costs of material	19,	-18,980	-13,789
Personnel costs	20,	-98,903	-87,739
Other operating expenses	21,	-31,597	-28,129
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)		9,778	7,776
Depreciation on property, plant and equipment	22,	-2,208	-2,157
Amortisation of goodwill	22,	-199	-779
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		7,371	4,840
Income from investments	23,	24	3
Interest income and similar income	23,	67	60
Interest expenses and similar expenses	23,	-174	-280
INCOME FROM ORDINARY ACTIVITIES (EBT)		7,288	4,623
Income taxes	24,	-3,293	-1,596
CONSOLIDATED EARNINGS		3,995	3,027
of which attributable to minority interests		589	248
of which attributable to shareholders of adesso AG		3,406	2,779
Number of shares at the end of the financial year		5,793,720	5,763,327
DILUTED AND UNDILUTED EARNINGS PER SHARE (IN EUR)	25,	0.59	0.48

CONS. STATEMENT OF COMPREHENSIVE INCOME

AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	<i>2014</i>	<i>2013</i>
Consolidated earnings	3,995	3,027
ITEMS NOT SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT		
Actuarial gains and losses	-57	12
Deferred taxes on actuarial gains and losses	18	-4
ITEMS SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT		
Measurement of financial instruments		
Changes not affecting income	-1	-8
Changes affecting income	1	11
Deferred taxes	0	2
Currency translation differences	6	-49
TOTAL OTHER COMPREHENSIVE INCOME	-33	-36
TOTAL INCOME	3,962	2,991
of which attributable to shareholders of the parent company	3,378	2,743
of which attributable to other shareholders	584	249

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

CONSOLIDATED CASH FLOW STATEMENT

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	<i>2014</i>	<i>2013</i>
EARNINGS BEFORE TAX	7,288	4,624
Income from financing activities	107	217
Depreciation and amortization on property, plant and equipment and intangible assets	2,407	2936
Result from shareholdings recognized under the equity method	-24	-3
Non-cash income/expenses	-9	1
Change in pension provisions	13	-7
Change in other provisions	722	278
Tax payments	-1,094	-2,445
Change to net operating assets	-162	2,045
CASH FLOW FROM OPERATING ACTIVITIES	9,248	7,646
Divestments from property, plant and equipment	44	0
Change in cash and cash equivalents from initial or deconsolidation	25	176
Payments for investments in property, plant and equipment	-4,642	-1,275
Payments for investments in intangible assets	-715	-132
Payments for investments in financial assets	-120	0
CASH FLOW FROM INVESTMENT ACTIVITIES	-5,408	-1,231
Dividend payments	-1,466	-1,639
Capital increase	193	91
New liabilities to banks	2,207	0
Repayment of financial liabilities	-2,601	-4,344
Interest paid	-112	-152
Interest received	44	37
CASH FLOW FROM FINANCING ACTIVITIES	-1,735	-6,007
Currency differences	-25	-44
CHANGE IN CASH AND CASH EQUIVALENTS	2,080	364
Cash and cash equivalents at the beginning of the period	21,644	21,280
Cash and cash equivalents at the end of the period	23,724	21,644

CONSOLIDATED SHAREHOLDERS EQUITY STATEMENT

AS OF 31 DECEMBER 2014

<i>in EUR k</i>	<i>Share capital</i>	<i>Capital reserves</i>
01 JANUARY 2013	5,748	11,457
Share-based compensation	0	20
Increase in share capital by exercises of stock options	15	75
Effects from the acquisition of additional shareholdings in subsidiaries	0	-1,146
Effects from first-time consolidated 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 2013	5,763	10,406
Share-based compensation	0	14
Increase in share capital by exercises of stock options	31	162
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

* Dividend payment of EUR 1.210 thousand corresponds to EUR 0.21 per share

Cons. Shareholders Equity Statement

Other comprehensive results of the financial period						
	Currency translation differences	Derivatives	Retained earnings/ Balance Sheet Profit	Equity of adesso AG shareholders	Other shareholders	Total Equity
	501	-6	16,272	33,972	490	34,462
	0	0	0	20	0	20
	0	0	0	90	0	90
	0	0	0	-1,146	1,146	0
	0	0	22	22	98	120
	-49	5	7	-37	1	-36
	0	0	2,779	2,779	248	3,027
	-49	5	2,786	2,742	249	2,991
	0	0	-1,035	-1,035	-604	-1,639
	452	-1	18,045	34,665	1,379	36,044
	0	0	0	14	0	14
	0	0	0	193	0	193
	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

CONSOLIDATED NOTES

FOR FINANCIAL YEAR 2014

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 in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), applicable after 31 December 2014 and adopted by the EU, as well as the supplementary regulations pursuant 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 December 2014 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 will likely be approved by the Supervisory Board on 18 March 2015 and released for publication by the Executive Board.

Financial Reporting Standards that were Applied for the First Time or Amended

The following financial reporting standards adopted by the EU were applied by adesso for the first time in financial year 2014. Transitional provisions are not included, meaning that the provisions pursuant to IAS 8 do not need to be applied retrospectively. The first-time application of these regulations has no or only an immaterial effect on the financial statements of adesso. adesso generally applies new provisions from the date of mandatory application.

> In May 2011, the IASB approved three new standards containing regulations to account for business combinations: IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IFRS 12 (Disclosure of Interests in Other Entities). Amendments to existing standards were issued simultaneously with IAS 27 (Separate Financial Statements, amended in 2011) and IAS 28 (Investments in Associates and Joint Ventures). The new standards as well as the amendments to IAS 27 and IAS 28 apply to financial years beginning on or after 1 January 2013. In the EU, the regulations apply to financial years beginning on or after 1 January 2014.

> IFRS 10 replaces IAS 27 (Separate Financial Statements) and SIC-12 (Consolidation – Special Purpose Entities). The standard defines which companies must be included in the consolidated financial statements as subsidiaries. Accordingly, a company must be included in the consolidated financial statements of the parent company if the parent company has control over the subsidiary. Control is deemed to exist if the company has power over another company (power over the investee), the company is exposed to variable returns from the investee and/or has a right to the same, and the company can use its power over the investee to influence the variable returns. IFRS 10 also contains further regulations, for example for accounting for shares of third-party companies or reporting after a loss of control. The application of IFRS 10 has no material impact on the consolidated financial statements of adesso.

> IFRS 11 replaces IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers). The standard contains regulations for accounting for joint agreements, which are divided into two groups – jointly controlled entities and joint ventures. While in the case of a jointly controlled entity, each company has to record the corresponding assets, liabilities, income and expenses, interests in joint ventures have to be accounted for using the equity method according to IAS 28 in the future. PSLife GmbH was consolidated using the equity method rather than using proportional consolidation for the first time as of 31 December 2014, due to the first-time application of IFRS 11. The amendment is to be applied retrospectively.

The following table shows the material changes in items in the financial statements following the transition from proportional consolidation to recognition at equity:

	2014	2013
<i>Balance sheet</i>		
Cash on hand and at bank	- 121	- 121
Trade accounts receivable	-185	- 155
Investments recognised at equity	73	78
Trade accounts payable	-173	- 185
Other changes in net assets	60	13
Equity	0	0
<i>Income statement</i>		
Sales revenues	- 1,082	-939
Cost of materials	-985	-842
Other	-97	-97
Consolidated profit/loss	0	0

- > IFRS 12 replaces disclosure requirements of IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures) and IAS 31 (Interests in Joint Ventures).
- > In June 2013, the IASB approved amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge Accounting). This states that hedge accounting is not classed as concluded if novation occurs due to statutory or regulatory requirements, a central counterparty becomes counterparty to the hedge, and the amendments to the contract are limited to the effects from the transfer to the new counterparty. The amendments apply to financial years beginning on or after 1 January 2014. The amendment has been adopted by the EU. They have no impact on the financial statements of adesso.
- > IFRIC 21 (Levies) was adopted in May 2013. This interpretation specified when a liability is to be recognised for levies imposed by a government (excluding taxes). The interpretation has been adopted by the EU. The interpretation applies to financial years beginning on or after 1 January 2014. The interpretation has no material impact on the financial statements of adesso.
- > In December 2011, the IASB approved an amendment to IAS 32 (Offsetting Financial Assets and Financial Liabilities). The amendment has been adopted by the EU and applies to financial years beginning on or after 1 January 2014. The amendments include details on the date on which financial assets and financial liabilities are to be offset. The amendment has no impact on the financial statements of adesso.

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 2014. The application of these IFRS presumes adoption by the EU, which is still pending in some cases. With the exception of the following standards, none of the approved regulations will have any material impact on the financial statements of adesso.

- > 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, the structure of notes as well as the presentation of material financial reporting standards. The EU has not adopted the regulations applicable for financial years beginning on or after 1 January 2016. 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, applies to financial years beginning from 1 January 2017. The impact on the financial statements of adesso is currently being examined.

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.

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. Any so-called 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 12 months from the merger date (measurement period).

Intragroup 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 relevant decisions.

Please refer to the list of shareholders pursuant to Section 313 (2) of the German Commercial Code (HGB) on page 39 for details on the companies included in the consolidated financial statements.

A majority share of the non-controlling interests is held in Arithnea GmbH, Neubiberg, Germany. adesso holds 51 % of the shares in the company; other shareholders hold 49 % of the shares. The profits attributable to the minority interests amounted to EUR 694 thousand for 2014 (previous year: EUR 372 thousand). The minority interests reported in the consolidated financial statements of 31 December 2014 amounted to EUR 1,714 thousand (previous year: EUR 1,253 thousand). Dividends of EUR 233 thousand (previous year: EUR 562 thousand) were paid to minority interests in financial year 2014. 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 - in EUR k</i>	<i>2014</i>	<i>2013</i>
Non-current assets	710	931
Current assets	6,114	5,341
Non-current liabilities	208	288
Current liabilities	3,117	3,427
Sales revenues	16,953	13,978
Profit/loss	1,417	759
Change in cash	-454	-322

(b) Joint Arrangements

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, its share of the joint income of the arrangement as well as its expenses, including its share of any expenses incurred jointly. Pursuant to IFRS 11, interests in joint ventures, on the other hand, are consolidated using the equity method described in IAS 28.

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.

At adesso, the profits and losses of the joint ventures are recognised pro rata in the consolidated income statement, while other comprehensive income is to be recognised pro rata in adesso's other comprehensive income; in both cases, an adjustment is to be made to the carrying amount of the share. 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 once more.

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 holds shares in an immaterial joint venture (PSLife GmbH, Cologne, Germany). adesso owns 50 % of the shares in PSLife GmbH. As of 31 December 2014, the carrying amount of the shares consolidated using the equity method amounted to EUR 73 thousand. The result of the joint venture allocated to adesso for financial year 2014 was EUR -4 thousand.

(c) Associates

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 once adesso holds 20 % to 50 % of the shares in a company. Associates are consolidated using the equity method described in section (b).

adesso holds shares in an immaterial associate. adesso holds 24 % of the shares in Barmenia IT+ GmbH, Wuppertal, Germany. The contribution to earnings at this company allocated to adesso amounts to 90 %. As of 31 December 2014, the carrying amount of the shares in Barmenia IT+ GmbH, Wuppertal, Germany, con-

solidated using the equity method amounted to EUR 149 thousand. The profit of the associate allocated to adesso for financial year 2014 was EUR 28 thousand.

(d) 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.

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 k	Closing rate		Average rate	
	2014	2013	2014	2013
Swiss franc (CHF)	0.8317	0.8146	0.8233	0.8123
British pound (GBP)	1.2839	1.1995	1.2405	1.1770
US dollar (USD)	0.8236	0.7251	0.7527	0.7530
Turkish Lira (TRY)	0.3531	0.3378	0.3440	0.3947

(e) 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.

(f) 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.

(g) 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 “(i) Impairment of financial assets”.

(h) 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.

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. The corporate headquarters moved into new offices in Dortmund in October 2014. The fittings were purchased within the scope of this move. Most of the old fittings were either sold or disposed of.

Depreciation and amortisation is reported in the consolidated 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 6 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.

(i) Impairment of 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 independent cash flows can be identified from other assets. 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. Impairment tests are performed on the basis of individual assets. However, the impairment test will be performed on the basis of a cash-generating unit in the event that the recoverable amount cannot be calculated for an individual asset – always applicable in the case of goodwill. 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.

(j) 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.

(k) 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 cash 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.

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.

(l) Other Assets and Other Liabilities

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

(m) 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.

(n) 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.

(o) 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.

(p) 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 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.

(q) 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 2014. 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.

(r) Share-based Payment

adesso has issued employee options for the acquisition of shares in adesso AG. 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.

(s) 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.

(t) 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.

(u) Dividends

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

(v) 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 has 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 which are measured at fair value regularly or on the reporting date.

(w) Acquisition of Minority Interests in the Previous Year

On 12 June 2013, adesso acquired the remaining 20 % of the shares in evu.it GmbH, which it had acquired in 2010, for EUR 1. The minority interests reported in the consolidated financial statements at this time amounted to EUR -1,146 thousand. The difference between the purchase price and the amount of minority

interests was offset against the capital reserve attributable to the shareholders of adesso. percision GmbH was merged with evu.it GmbH following the acquisition of the remaining 20 % of shares and the transfer of evu.it GmbH's business operations to adesso AG in the course of an asset deal. evu.it GmbH was subsequently renamed percision services GmbH. percision services GmbH is a full-service provider for personnel resourcing in IT.

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. 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. 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 12,992 thousand (previous year: EUR 13,191 thousand)).
- > Receivables: The recoverability of trade accounts receivable and receivables PoC 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, shutdown 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 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. Deferred tax assets are recognised based on the assumption that the fiscal authorities approve the application of the tax loss carry-forwards. Failure to do so would mean that the commercial and corporate tax loss carry-forwards of adesso AG would be eliminated in whole or in part. The deferred tax assets of adesso AG on these loss carry-forwards are EUR 2,827 thousand as of 31 December 2014 (previous year: EUR 4,783 thousand). Besides the derecognition of deferred tax assets, non-



recognition of trade tax and corporate tax loss carry-forwards would result in additional tax expenses for the previous years of EUR 8,624 thousand due to the realisation of deferred tax assets on tax loss carry-forwards in the past, plus interest on arrears of approximately EUR 1,043 thousand. percision services GmbH has loss carry-forwards pursuant to Section 8c (1), sentences 6-9 of the Corporate Tax Act (KStG). The resulting deferred tax assets total EUR 302 thousand (previous year: EUR 520 thousand). areal drei advisory GmbH recognised deferred tax assets of EUR 53 thousand on tax loss carry-forwards (previous year: EUR 44 thousand). adesso Austria GmbH recognised deferred tax assets of EUR 272 thousand on tax loss carry-forwards (previous year: EUR 157 thousand). As with adesso AG, the benefit eligible for capitalisation is determined on the basis of a five-year plan for percision services, areal drei advisory and adesso Austria. Further loss carry-forwards are not capitalised. adesso assumes that these tax loss carry-forwards can be realised.

- > 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 23,724 thousand (previous year: EUR 21,644 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 EUR k</i>	<i>Total 2014</i>	<i>Total 2013</i>
As of 1 January	696	283
Availment	50	96
Release	431	18
Addition	22	527
AS OF 31 DECEMBER	237	696

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

2014	Carrying amount	Neither impaired nor overdue	Not impaired and overdue as follows				
in EUR k			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

2013	Carrying amount	Neither impaired nor overdue	Not impaired and overdue as follows				
in EUR k			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	24,837	23,189	564	1	22	4	1,057

3. Receivables PoC

Receivables PoC are comprised of costs plus pro-rata profit less recognised order losses. Receivables PoC amount to EUR 4,697 thousand (previous year: EUR 4,174 thousand). Down payments received by customers in the amount of EUR 2,957 thousand (previous year: EUR 1,794 thousand) are reported under current liabilities.

4. Current Financial Assets

Current financial assets break down as follows:

in EUR k	2014	2013
Deposits	112	81
Secured liquid assets not at free disposal	0	128
Employee loans	16	14
TOTAL	128	223

Current financial assets are neither impaired nor overdue.

5. Other Current Assets

Other current assets comprise:

<i>in EUR k</i>	<i>2014</i>	<i>2013</i>
Accruals	1,036	779
Receivables from personnel	60	28
Sales taxes receivable	315	304
Receivables from input tax surpluses	340	89
Other	230	256
TOTAL	1,981	1,456

The accruals mainly consist of maintenance expenses for the following year in the amount of EUR 420 thousand (previous year: EUR 216 thousand), other personnel costs of EUR 58 thousand (previous year: EUR 37 thousand), advertising expenses of EUR 154 thousand (previous year: EUR 162 thousand), insurance of EUR 73 thousand (previous year: EUR 33 thousand), travel expenses of EUR 5 thousand (previous year: EUR 0 thousand), training of EUR 39 thousand (previous year: EUR 22 thousand), limited-term licenses of EUR 122 thousand (previous year: EUR 78 thousand) and motor vehicle taxes of EUR 12 thousand (previous year: EUR 4 thousand).

6. Intangible Assets and Goodwill

Intangible assets and goodwill developed as follows:

<i>2014 / in EUR k</i>	<i>Goodwill</i>	<i>Customer lists</i>	<i>Internally generated intangible assets</i>	<i>Other intangible assets</i>	<i>Total</i>
Gross value 1 January	15,387	8,397	0	3,453	27,237
Accumulated amortisation 1 Jan.	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
Amortisation	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 amortisation 31 Dec.	2,395	8,123	6	3,249	13,773
CARRYING AMOUNT 31 DEC.	12,992	274	267	527	14,060

Consolidated Notes

2013 / in EUR k	Goodwill	Customer lists	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	15,387	8,397	0	3,328	27,112
Accumulated amortisation 1 Jan.	1,417	6,919	0	3,140	11,476
Carrying amount 1 January	13,970	1,478	0	188	15,636
Currency translation differences	0	0	0	-7	-7
Company acquisitions	0	0	0	0	0
Additions	0	0	0	132	132
Amortisation	0	776	0	94	870
Impairment	779	0	0	0	779
Disposals	0	0	0	0	0
Gross value 31 December	15,387	8,397	0	3,453	27,237
Accumulated amortisation 31 Dec.	2,196	7,695	0	3,234	13,125
CARRYING AMOUNT 31 DEC.	13,191	702	0	219	14,112

Intangible assets are mainly comprised of customer lists acquired in the course of mergers (EUR 274 thousand; previous year: EUR 702 thousand).

In the current financial year, goodwill of EUR 199 thousand allocated to gadiv GmbH was impaired. adesso capitalised internally generated intangible assets of EUR 273 thousand in the current financial year. This internally generated software is used to record and categorise claims on behalf of the customer.

In the previous financial year, goodwill of EUR 779 thousand allocated to adesso Austria GmbH was impaired.

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 2014; these operating segments are all allocated to the IT Services segment:

in EUR k	2014	2012
adesso AG	6,630	6,630
adesso Austria GmbH	3,552	3,552
Arithnea GmbH	2,810	2,810
gadiv GmbH	0	199

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 after taxes. 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 five years. Sales growth is calculated individually for each operating segment. It is between 2 % and 11 %. 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. The assumed growth rate for periods beyond the detailed planning horizon is 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 on the basis of historical performance and expected future developments. The underlying gross margin in the period was between 3.4 % and 5.5 %.

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 6.1 % and 7.1 % in IT-Services (previous year: 7.7 % to 8.4 %). 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 (1.9 %; previous year: 2.75 %), a beta factor derived separately for the Service segment from a representative peer group (constituting systematic risk), a market risk premium (6 %; previous year: 6 %) (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. The decline in the interest rate is primarily a result of the decrease in the beta factor from 0.47 to 0.63 as well as the decline in the risk-free interest rate. In the case of the individual operating segments, the value in use calculated by adesso pursuant to IAS 36 corresponds to approximately 90 % of perpetual annuity, which is the cash value of the expected cash flows outside the detailed planning horizon. Perpetual annuity was calculated by increasing the interest rate by 2 percentage points. The surcharge on the interest rate is due to the fact that adesso assumes that interest rates will pick up in the long term. An increase in interest rates results in a drop in the cash value of the expected future cash flows.

During the reporting year, there were indications that goodwill had decreased in value at gadiv GmbH. Due to an impairment test, goodwill for gadiv was reduced by EUR 199 thousand. The impairment is a result of gadiv GmbH's main customer not granting any more contracts. The recoverable amount is the fair value less disposal costs and amounted to EUR -4 thousand. Pursuant to IFRS 13, the fair value is allocated to fair value hierarchy category 3.

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 the following additional disclosures for the 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 2014.

Following the goodwill impairment at adesso Austria GmbH in the previous year, the carrying amount of the cash generating unit corresponded to the recoverable amount (EUR 4,448 thousand). Had the specified parameters changed, goodwill would have had to be impaired at the end of 2013. The following table shows the cash-generating unit which would be affected by an impairment, the amount by which the carrying amount exceeds the recoverable amount, the key parameters and their values as well as an indication of the change in parameter, which would lead to the recoverable amount of the cash-generating unit being identical to the carrying value.

2013	Amount by which the recoverable amount exceeds the carrying amount (EUR k)	Parameter, where a potential change would lead to write-down and the amount	Change of parameter required so that the recoverable amount equals the carrying amount
adesso Austria GmbH	0	Interest rate 7.66 %	0 p. points
		Perpetual annuity growth (1 %)	0 p. points
		Gross margin (-3.3 % to 7.5 %)	0 p. points
		Cash flows down X%	0 p. points

7. Property, plant and equipment

Property, plant and equipment developed as follows:

in EUR k	2014	2013
Gross value 1 January	8,462	7,184
Accumulated depreciation 1 January	6,481	5,194
Carrying amount 1 January	1,981	1,990
Currency translation differences	0	2
Additions	4,642	1,276
Disposals	44	0
Depreciation	1,639	1,287
Gross value 31 December	12,387	8,460
Accumulated depreciation 31 December	7,449	6,479
CARRYING AMOUNT 31 DECEMBER	4,938	1,981

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

8. Companies Recognised At Equity

<i>in EUR k</i>	2014	2013
AS OF 1 JANUARY	78	76
Additions	120	0
Pro-rata result	24	2
Disposals	0	0
AS OF 31 DECEMBER	222	78

The companies recognised at equity include the shares in PSLife GmbH and in Barmenia IT+ GmbH.

9. Non-current financial Assets

Financial assets are comprised as follows:

<i>in EUR k</i>	2014	2013
Deposits	366	335
Shares in and receivables from non-consolidated subsidiaries	0	25
Employee loans	34	19
TOTAL	400	379

Non-current financial assets are neither impaired nor overdue.

The subsidiary not included in the consolidated financial statements, adesso insurance solutions GmbH, was immaterial overall in the previous year. It did not have any active business operations in the previous year.

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

Among other things, income tax assets include corporate tax credit balances resulting from the amendment to Section 37 of the Corporate Tax Act (KStG) approved by the Bundesrat (German Federal Assembly) on 24 November 2006. Accordingly, credit balances from the former corporate tax allocation procedure are payable to the company over ten years in equal instalments independent of dividend payments. Out of a total of EUR 28 thousand, EUR 10 thousand is classified as a current receivable. In addition to the current portion of the corporate tax credit balance described above, current income tax receivables include advance corporate tax payments amounting to EUR 298 thousand (previous year: EUR 253 thousand).

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

<i>in EUR k</i>	2014	2013
DEFERRED TAX ASSETS		
Intangible assets	114	0
Receivables and other assets	51	0
Provisions	105	97
Other liabilities	245	138
Loss carry-forwards	3,453	5,537
Offsetting	-372	-234
TOTAL (OF WHICH CURRENT: EUR 1,898 THOUSAND; PREVIOUS YEAR: EUR 1,641 THOUSAND)	3,596	5,538
DEFERRED TAX LIABILITIES		
Intangible assets	86	179
Property, plant and equipment	6	7
Companies recognised at equity	7	7
Trade accounts receivable	251	122
Receivables PoC	314	345
Provisions	75	109
Other liabilities	0	359
Offsetting	-372	-234
TOTAL (OF WHICH CURRENT: EUR 733 THOUSAND; PREVIOUS YEAR: EUR 984 THOUSAND)	367	894

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 21.70 % 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 future benefits are not sufficiently certain for further capitalisation. Recognition of deferred tax assets on tax loss carry-forwards at adesso Austria GmbH totalling EUR 272 thousand is based on the company's medium-term planning. The negative effect from a loss-making service agreement reported in the previous year did not further impact the company in the reporting year. Business at adesso Austria GmbH developed positively, especially in the second half of 2014. A total of 75 % of the planned sales at adesso Austria for 2015 is covered by signed contracts, the remaining 25 % is oversubscribed by a factor of three by the order pipeline. Recognition of deferred tax assets of EUR 303 thousand at percision services GmbH, formerly evu.it GmbH, is justified owing to the fact that tax loss carry-forwards will be offset against the taxable profit from IT personnel resourcing at percision services GmbH in the future.

No deferred taxes were recognised on corporate and trade tax loss carry-forwards in the amount of EUR 128 thousand (previous year: EUR 130 thousand) or foreign loss carry-forwards of EUR 4,705 thousand

(previous year: EUR 2,877 thousand). The loss carry-forwards can be carried forward perpetually. This does not include loss carry-forwards from a Swiss subsidiary (EUR 314 thousand; previous year: EUR 170 thousand), which can be carried forward for seven years and loss carry-forwards from a Turkish subsidiary (EUR 647 thousand; previous year: EUR 151 thousand), which can be carried forward for five years.

In accordance with IAS 12.39, a deferred tax liability of EUR 117 thousand (previous year: EUR 112 thousand) for temporary differences of EUR 7,130 thousand (previous year: EUR 6,838 thousand) in connection with shares in subsidiaries was not recognised on 31 December 2014 (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:

	2014			2013		
<i>in EUR k</i>	<i>Total</i>	<i>Remaining term up to 1 year</i>	<i>Remaining term 1 to 5 years</i>	<i>Total</i>	<i>Remaining term up to 1 year</i>	<i>Remaining term 1 to 5 years</i>
Loans	5,717	1,576	4,141	5,356	1,832	3,524
Other financial liabilities	7	7	0	735	735	0
TOTAL	5,724	1,583	4,141	6,091	2,567	3,524

Liabilities from loans result from the loans taken out to acquire subsidiaries as well as the EUR 2.2 million loan taken out for expenses relating to the move of the corporate headquarters in Dortmund. The effective interest rate depends on the type of agreement as well as the term, and was between 1.32 % and 4.5 %.

Loans totalling EUR 1,856 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>	<i>1 Jan. 2014</i>	<i>Addi- tions</i>	<i>Company acquisi- tions</i>	<i>Avail- ment</i>	<i>Reclassi- fication</i>	<i>Currency differ- ences</i>	<i>Release</i>	<i>31 Dec. 2014</i>
Contingent losses	81	0	0	0	5	0	48	38
Storage costs	16	14	0	15	6	0	5	16
Other provisions	1,954	1,522	0	1,326	0	0	69	2,081
Warranty	983	471	0	412	43	0	84	1,001
TOTAL, CURRENT	3,034	2,007	0	1,753	54	0	206	3,136
Contingent losses	5	0	0	0	-5	0	0	0
Warranty	335	122	0	0	-43	0	0	414
Storage costs	51	62	0	0	-6	0	0	107
Other provisions	616	490	0	0	0	0	0	1,106
TOTAL, NON-CURRENT	1,007	674	0	0	-54	0	0	1,627

Other current provisions mainly consist of provisions for annual general meeting costs (EUR 60 thousand; previous year: EUR 60 thousand), Supervisory Board compensation (EUR 40 thousand; previous year: EUR 32 thousand), operational provisions (bonuses, quotas etc. (EUR 1,211 thousand; previous year: EUR 1,191 thousand)) and outstanding obligations (Chamber of Industry and Commerce, Employer's Liability Insurance Association, insurance premiums and similar (EUR 478 thousand; previous year: EUR 410 thousand)).

Other non-current provisions include provisions for the phantom share programme (EUR 1,106 thousand; previous year: EUR 545 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. The phantom shares will result in cash inflows between 2017 and 2022.

14. Current and Non-current Other Liabilities

Except for EUR 177 thousand, other liabilities are due within 12 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 14,189 thousand (previous year: EUR 13,100 thousand), sales taxes payable of EUR 2,143 thousand (previous year: EUR 1,965 thousand), payroll taxes payable of EUR 2,442 thousand (previous year: EUR 2,215 thousand) and deferred maintenance and hosting income for the following financial year in the amount of EUR 2,598 thousand (previous year: EUR 1,867 thousand).

15. Provisions for Pensions

Provisions for pensions, which give rise to claims to (early) retirement pensions, disability pensions as well as orphan's pensions, only exist for former employees who have already retired. Therefore, the employee has no further claims in this respect. The pension provisions are covered in part by reinsurance. Interest expense from compounding the obligation is included in the interest result. Provisions for pension and similar obligations include company obligations for entitlements of former employees. 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 2013	697
Interest expense	21
Payments	- 16
Actuarial loss	-12
DBO AS OF 31 DECEMBER 2013	690
Interest expense	28
Payments	-14
Actuarial loss	57
DBO AS OF 31 DECEMBER 2014	761

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

<i>in %</i>	2014	2013
Interest rate	2.15	3.46
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.

2014 (in EUR k)	Change	Increase in parameter	Decline in parameter
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
2013 (in EUR k)	Change	Increase in parameter	Decline in parameter
Interest rate	+/- 0.5 p. points	-33	35
Rate of pension progression	+/- 0.25 p. points	15	-14
Residual life expectancy	+/- 1 year	39	-38

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.

16. Equity

The fully paid up share capital of adesso AG as of 31 December 2014 is EUR 5,793,720 (previous year: EUR 5,763,327). It is divided into 5,793,720 (previous year: 5,763,327) 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 30,393 in the course of exercising the options. This was reported to the Commercial Register on 30 January 2015. The entry in the Commercial Register had not taken place as of the reporting date.

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 3 June 2018, after the end of the authorisation period.

Conditional Capital

The nominal value of the conditional capital as of 31 December 2014 is EUR 64,456 thousand.

The General Meeting resolved on 25 July 2006 to increase the company's share capital by EUR 142,858.00 by issuing up to 142,858 no-par bearer shares conditionally (conditional capital 2006/I). This conditional capital increase serves exclusively to fulfil option obligations, which were issued by the Executive Board by authorisation of the General Meeting of 25 July 2006 with the consent of the Supervisory Board until 15 December 2009. 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. This was entered in the Commercial Register on 12 December 2006. As of the end of financial year 2014, no other shares can be issued from the conditional capital 2006/I. 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. As of the end of financial year 2014, up to 49,621 shares can be issued from the conditional capital 2009 /II. 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. As part of the exercise of 31,674 share options from the employee participation plans, 30,393 new shares were issued in the current financial year. The average share issue price was EUR 13.71 in the reporting year.

The difference between the face amount of the shares and the issue price in the amount of EUR 162 thousand was added to the capital reserve.

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

Employee Participation Plan:

No options were issued from "conditional capital II" in the financial year (previous year: 12,170). For the options issued in 2013, the exercise price was EUR 7.68. The exercise price of all outstanding options ranges from EUR 5.06 to EUR 10.94. The average weighted remaining term of the outstanding options is 3.29 years (previous year: 2.7 years). The vesting period is 24 and 48 months, respectively. The options have a total term of five and eight years, respectively, and the weighted present value of the options issued in the previous year is EUR 1.41.

The number of outstanding options developed as follows:

	2014		2013	
	Number	Average exercise price per option in EUR	Number	Average exercise price per option in EUR
As of 1 January	97,759	6.76	121,207	6.29
New options issued	0	0	12,170	7.68
Exercised	-30,393	6.34	-15,611	5.78
Expired	-17,745	6.30	-20,007	6.10
<i>As of 31 December</i>	<i>49,621</i>	<i>7.17</i>	<i>97,759</i>	<i>6.76</i>
<i>Exercisable as of 31 December</i>	<i>19,870</i>	<i>6.61</i>	<i>60,008</i>	<i>6.31</i>

The options issued in the previous year were measured using the trinomial valuation model. The following parameters were used:

	2013
Weighted average share price (in EUR)	7.71
Base price (in EUR)	7.68
Expected volatility (in %)	36
Maximum term of the option	5
Expected dividend yield (in %)	2.5
Average risk-free interest rate (in %)	0.22

The expected volatility corresponds to the long run forecast according to the GARCH model (generalised autoregressive conditional heteroscedasticity). Expenses from the stock option programme in the amount of EUR 14 thousand (previous year: EUR 20 thousand) were recognised in financial year 2014.

A phantom share programme was initiated in financial year 2009. Measurement is based on the average closing rate on the Frankfurt Stock Exchange and Xetra trading during the previous 180 stock market trading days. 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 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 561 thousand (previous year: EUR 262 thousand) were recognised in the financial year. Total provisions of EUR 1,106 thousand (previous year: EUR 545 thousand) have been recognised.

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.

17. Sales Revenues

Sales revenues are comprised as follows:

<i>in EUR k</i>	2014	2013
Services	149,856	129,742
Licence sales	7,059	5,541
TOTAL	156,915	135,283

18. Other Operating Income

Other operating income is comprised as follows:

<i>in EUR k</i>	2014	2013
Income from trade accounts receivable written off	431	18
Grants for expenses	333	551
Income from the release of provisions	206	468
Income from translation difference	120	28
Commissions and other subsidies	91	85
Other	888	1,000
TOTAL	2,069	2,150

The release of provisions results largely from contingent losses, leasehold improvements as well as a number of other individual other activities items. 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.

19. Cost of Materials

The cost of materials are comprised as follows:

<i>in EUR k</i>	2014	2013
Expenses for purchased merchandise	684	515
Expenses for purchased services	18,296	13,274
TOTAL	18,980	13,789

20. Personnel Costs

Personnel costs are comprised as follows:

<i>in EUR k</i>	2014	2013
Wages and salaries	84,912	75,378
Social security contributions	13,991	12,361
TOTAL	98,903	87,739

adesso Group had an average of 1,298 FTE (full-time equivalent) employees in 2014 (previous year: 1,156 FTE).

21. Other Operating Expenses

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

<i>in EUR k</i>	2014	2013
Travel expenses	7,666	6,778
Room costs	4,419	3,564
Motor vehicle expenses	3,955	3,617
Telephone/Internet costs	1,808	1,355
Personnel recruitment	1,716	1,944
Other	12,033	10,871
TOTAL	31,597	28,129

The “Other” expenses reported in the table include a number of various expenses and also include expenses for foreign currency differences of EUR 296 thousand (previous year: EUR 20 thousand).

22. Depreciation and Amortisation

Scheduled depreciation and amortisation of non-current assets is EUR 2,208 thousand for the financial year (previous year: EUR 2,157 thousand). Of this amount, EUR 428 thousand is accounted for by scheduled amortisation of intangible assets capitalised in the course of mergers. A total of EUR 6 thousand relates to the amortisation of internally generated intangible assets in the financial year – which corresponds to the development costs recognised in the reporting year. Please refer to the information on “Intangible assets” for impairments.

23. Income from Financing and Investment Activities

Total interest income for the year under review is EUR 67 thousand (previous year: EUR 60 thousand) with EUR 44 thousand affecting payment; total interest expenses are EUR 174 thousand (previous year: EUR 280 thousand) with EUR 112 thousand affecting payment.

24. Income Taxes

Income taxes are comprised as follows:

<i>in EUR k</i>	2014	2013
Current taxes	1,898	1,257
Deferred taxes	1,395	339
TOTAL	3,293	1,596

Current taxes include a tax expense of EUR 75 thousand (previous year: EUR 49 thousand) from adjustments in previous years. Deferred tax assets on tax loss carry-forwards changed by EUR 2,084 thousand (previous year: EUR 134 thousand) due primarily to utilisation of EUR -2,129 thousand (previous year: EUR -1,312 thousand), due to depreciation/amortisation of EUR 34 thousand (previous year: EUR 0 thousand) and from the capitalisation of other deferred tax assets on loss carry-forwards of EUR 163 thousand (previous year: EUR 1,088 thousand). The deferred tax revenue from the change in the temporary difference amounts to EUR 689 thousand (previous year: tax revenue of EUR 214 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>	2014	2013
Consolidated earnings before income taxes	7,288	4,623
Expected tax expense	2,391	1,516
Effect of foreign tax rates	-56	104
Effect of IFRS impairment of goodwill	65	256
Capitalisation of additional deferred taxes on loss carry-forwards	-101	-1,088
Impairment and non-capitalised deferred taxes on loss carry-forwards	540	610
Non-deductible expenses and only taxable income	276	121
Foreign currency expense included in equity	94	0
Tax expense from other periods	75	49
Other	9	28
Tax expense reported	3,293	1,596

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

Deferred tax revenue of EUR 18 thousand (previous year: tax expense of EUR 2 thousand) was included in other comprehensive income in the financial year. The EUR 540 thousand reported under "Impairment and non-capitalised deferred taxes on loss carry-forwards" included in the tax result for the 2014 financial year includes an impairment of deferred tax assets of EUR 34 thousand.

The EUR 610 thousand reported under "Impairment and non-capitalised deferred tax assets on loss carry-forwards" included in the tax result for the 2013 financial year does not result exclusively from deferred taxes on loss carry-forwards.

25. 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 share-holders of adesso AG by the average number of shares outstanding in the financial year.

At the end of the financial year, 20,240 (previous year: 21,955) outstanding options under the employee participation plan had to be taken into account in calculating the diluted earnings per share. A maximum of 49,621 options can exercise a diluting effect on earnings per share in the future.

Undiluted and diluted earnings are calculated as follows:

	2014	2013
Proportion of consolidated earnings allocated to adesso AG shareholders (in EUR k)	3,406	2,780
Average number of shares outstanding in the financial year	5,776,700	5,755,168
Undiluted earnings per share (in EUR)	0.59	0.48
Average number of shares outstanding, including the dilution effect of outstanding options	5,796,940	5,763,327
Diluted earnings per share (in EUR)	0.59	0.48

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.

The previous year's cash flow statement has been adjusted as PSLife must now be consolidated using the equity method rather than using proportional consolidation.

Cash flows from operating activities increased by EUR 1,602 thousand to EUR 9,248 thousand compared to the previous year. Compared to the previous year, consolidated earnings improved by EUR 2,664 thousand to EUR 7,288 thousand. Consolidated earnings include goodwill impairment of EUR 199 thousand (previous year: EUR 779 thousand). Depreciation and amortisation of property, plant, and equipment as well as intangible assets totals EUR 2,407 thousand, which is EUR 529 thousand lower compared to the previous year. Taxes were paid in the amount of EUR 1,094 thousand (previous year: EUR 2,445 thousand).

Cash outflows for investment activities rose by EUR 4,177 thousand compared to the previous year. The sale of assets related to the move of the corporate headquarters to new offices in Dortmund had a material impact. The founding of Barmenia IT+ GmbH is also reported under cash outflows for investment activities.

The change in cash outflows from financing activities of EUR 4,272 thousand is mainly due to the payment of dividends (EUR 1,466 thousand), the taking out of new loans, primarily to furnish the new offices (EUR 2,207 thousand) as well as the repayment of loans and other financial liabilities of EUR 2,601 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 the segments as follows:

<i>IT-Services</i>	<i>IT-Solutions</i>
adesso AG	adesso mobile solutions GmbH
adesso Austria GmbH	adesso insurance 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 Limited Sirketi	e-Spirit Schweiz AG
areal drei advisory GmbH	gativ GmbH
Arithnea GmbH	PSLife GmbH
percision Schweiz AG	
percision services GmbH	
phb services GmbH	



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 cannot be included in production costs.
- > Non-current assets are depreciated over their expected economic useful life. This is usually longer than the depreciation period according to HGB. 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 as well as the amounts allocated to PSLife GmbH. PSLife GmbH is internally reported as a segment and consolidated using the equity method. adesso is unable to separate the amounts reported in the "Reconciliation" column.

Transactions between the operating segments are settled at market prices.

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	9,513	-1,531	-694	7,288
Amortisation of goodwill	2,200	265	-2,266	199
EBT before amortisation of goodwill	11,711	-1,265	-2,959	7,487

SEGMENT REPORTING 2013

<i>in EUR k</i>	<i>IT-Services</i>	<i>IT-Solutions</i>	<i>Reconciliation</i>	<i>Consolidated</i>
Sales revenues	128,621	24,434	-17,772	135,283
Changes in inventories	-169	147	22	0
Other operating income	5,716	1,117	-4,683	2,150
Cost of materials	-25,478	-6,019	17,708	-13,789
Personnel costs	-78,270	-13,642	4,173	-87,739
Other operating expenses	-24,807	-5,267	1,945	-28,129
Extraordinary result for the period	406	-2	-404	0
EBITDA	6,019	768	989	7,776
Depreciation and Amortisation	-1,409	-256	-492	-2,157
Amortisation of goodwill	-2,188	-265	1,674	-779
EBIT	2,422	247	2,171	4,840
Income from investments	1,081	-2,292	1,214	3
Financial result	-506	84	202	-220
EARNINGS BEFORE TAX	2,997	-1,961	3,587	4,623
Amortisation of goodwill	2,188	265	-1,674	779
EBT before amortisation of goodwill	5,185	-1,696	1,913	5,402

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.

	Sales with external clients by client's place of business		Non-current assets	
	2014	2013	2014	2013
Germany	131,941	109,174	15,066	12,504
thereof goodwill			9,440	9,639
Austria	5,639	5,413	3,627	3,639
thereof goodwill			3,552	3,552
Switzerland	13,590	13,682	305	308
Other	5,745	4,931	76	37

More than 10 % of the sales generated by adesso were not applicable to any one customer in financial years 2014 and 2013.

Amortisation of goodwill was allocated to the IT Solutions segment in the financial year. Amortisation of goodwill was allocated to the IT-Services segment in the previous year.

VI. Supplementary Information

Other Financial Obligations

Other financial obligations are comprised as follows:

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
2013 / in EUR k	Total	Thereof due in year 1	in year 2 to 5	after 5 years
Space and equipment rental	23,442	3,217	10,334	9,891
Other lease contracts	3,224	1,752	1,472	0
Insurance	447	405	42	0
	27,113	5,374	11,848	9,891

Other financial obligations from the leasing of space and equipment primarily stems from a signed long-term leasing agreement for adesso AG. adesso has leased the building for 15 years. The company has a two-time option right to extend the lease by five years.

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 2014.

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 total financial liabilities to the category “Financial liabilities measured at amortised cost”.

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.

		2014			2013		
in EUR k	Valuation category	Carrying amount	Fair Value	Fair Value level*	Carrying amount	Fair Value	Fair Value level*
ASSETS							
Cash and cash equivalents	LaR	23,724	23,724		21,644	21,644	
Trade accounts receivable	LaR	29,958	29,958		24,837	24,837	
Other assets	LaR	1,981	1,981		1,456	1,456	
TOTAL		55,663	55,663		47,937	47,937	
EQUITY AND LIABILITIES							
Trade accounts payable	FL	8,098	8,098		5,469	5,469	
Loans	FL	5,717	5,721	3	5,355	5,359	3
Other financial liabilities	FL	7	7		735	735	
Derivative financial instrument	-	0	0		1	1	
Other liabilities	FL	21,724	21,724		19,566	19,566	
TOTAL		35,546	35,550		31,126	31,130	

* See “General information – Fair Value” for additional notes
 LaR: loans and receivables
 FL: financial liabilities, measured at (amortised) cost

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:

2014 / in EUR k	From interest	Impairment	Write-up	Total
Loans and receivables	67	-22	431	476
Financial liabilities measured at amortised cost	-174	0	0	-174

2013 / in EUR k	From interest	Impairment	Write-up/derecognition	Total
Loans and receivables	60	-527	18	-449
Financial liabilities measured at amortised cost	-280	0	0	-280

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 2014 are also major customers.

Any applicable risks are covered by specific provisions. No flat-rate specific provisions for groups of receivables were required.

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:

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	4,281	0
Other financial liabilities	7	7	0	0
Other liabilities	21,724	21,547	177	0
TOTAL	35,546	31,332	4,458	0

2013 (in EUR k)	Carrying amount	Maturity up to 1 year	> 1 and up to 5 years	> 5 years
Trade accounts payable	5,469	5,469	0	0
Loans	5,355	1,951	3,618	0
Other financial liabilities	736	736	0	0
Other liabilities	19,566	19,283	282	0
TOTAL	31,126	27,439	3,900	0

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. Loans are generally taken out at fixed interest rates.

Capital Management

The equity ratio of adesso is 46 % (previous year: 48 %). 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, Co-Chairman of the Executive Board
(Consulting and Sales)
- > Dr. Rüdiger Striemer, Berlin, Co-Chairman of the Executive Board
(Software Development and Corporate Communications)
- > Dipl.-Wirtschaftsingenieur (industrial engineer) Christoph Junge, Münster, member of the Executive Board
(Finance, Personnel, Administration and Law and Mergers & Acquisitions)

According to the Supervisory Board resolution dated 24 July 2007, Executive Board members Dr. Rüdiger Striemer and Michael Kenfenheuer were granted the power of sole representation. Christoph Junge was granted the power of sole representation according to the Supervisory Board resolution dated 11 January 2007.

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.

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

BENEFITS PAID

	Michael Kenfenheuer Co-Chairman of the Executive Board				Dr. Rüdiger Striemer Co-Chairman of the Executive Board				Christoph Junge member of the Executive Board			
in EUR k	2013	2014	2014 (min)	2014 (max)	2013	2014	2014 (min)	2014 (max)	2013	2014	2014 (min)	2014 (max)
PERFORMANCE- INDEPENDENT REMUNERATION												
Fixed remuneration	202	204	204	204	202	204	204	204	175	180	180	180
Fringe benefit	31	20	19	20	17	54	15	54	17	52	17	52
Long-term variable remuneration	109	187	-	389	94	216	-	479	-	50	40	50
Total	342	411	223	613	313	474	219	737	192	282	237	282
PERFORMANCE- BASED VARIABLE REMUNERATION												
Short-term variable remuneration	51	79	-	79	51	82	-	82	45	82	-	82
Long-term variable remuneration	10	12	-	12	10	12	-	12	-	8	-	8
Total	51	79	-	79	51	82	-	82	45	82	-	82
Benefit expense	8	8	8	8	7	8	8	8	7	8	8	8
TOTAL REMUNERATION	401	498	231	700	371	564	227	827	244	372	245	372

ACCRUAL

	Michael Kenfenheuer Co-Chairman of the Executive Board		Dr. Rüdiger Striemer Co-Chairman of the Executive Board		Christoph Junge member of the Executive Board	
in EUR k	2014	2013	2014	2013	2014	2013
PERFORMANCE- INDEPENDENT REMUNERATION						
Fixed remuneration	204	202	204	202	180	175
Fringe benefit	20	31	54	20	52	17
Short-term variable remuneration						
Total	224	234	258	222	232	192
PERFORMANCE- BASED VARIABLE REMUNERATION						
Short-term variable remuneration	52	51	52	51	45	48
Long-term variable remuneration	12	10	12	10	8	-
Total	64	61	64	61	53	48
Benefit expense	8	8	8	7	8	7
TOTAL REMUNERATION	296	303	330	290	293	247

Liabilities for Executive Board remuneration amounted to EUR 274 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 received the following adesso AG shares as of 31 December 2014:

	Number of no-par shares
Christoph Junge, Münster	22,207
Michael Kenfenheuer, Frechen	53,101
Dr. Rüdiger Striemer, Berlin	38,291
TOTAL	113,599

The Executive Board of adesso AG held 33,971 stock options on the reporting date, with a fair value of EUR 45 thousand on the date they were granted. A member of the Executive Board receives 3,884 stock options as benefits in the financial year, subject to the approval of the Supervisory Board.

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.

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, Münster

Member of the Administrative Board, percision Schweiz AG, Zurich, Switzerland (since 16 January 2015)

> Michael Kenfenheuer, Frechen

Chairman of the Supervisory Board, e-Spirit AG, Dortmund

> Dr. Rüdiger Striemer, Berlin

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)

Power of Attorney

A power of attorney was granted to Frank Dobelmann, Dortmund (entered in the commercial register on 18 September 2007) and to Peter de Lorenzi, Cologne (entered in the commercial register of 3 September 2010).

Executive Board

The members of the Supervisory Board in 2014 were as follows:

> Prof. Dr. Volker Gruhn, Dortmund, Chairman of the Supervisory Board

Head of the Software Engineering Department at University of Duisburg-Essen

> Prof. Dr. Willibald Folz, Munich, Deputy Chairman of the Supervisory Board

Lawyer

> Prof. Dr. Gottfried Koch, Stein

Professor of Insurance Information Technology

> 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

> Dr. Friedrich Wöbking, Pullach

Management consultant

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

> Prof. Dr. Willibald Folz, Munich

Chairman of the Supervisory Board, Gesellschaft für Managementberatung AG, Burghthann (until July 2014)

> 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 2014 for all members of the adesso AG Supervisory Board appointed in this period was EUR 32 thousand (previous year: EUR 28 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	8	0	0	8
Prof. Dr. Willibald Folz	5	1	0	6
Prof. Dr. Gottfried Koch	2	0	4	6
Dipl.-Math. Heinz Werner Richter	2	1	0	3
Dipl.-Inform. Rainer Rudolf	2	0	0	2
Dr. Friedrich Wöbking	5	1	1	7
TOTAL	24	3	5	32

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 25 thousand (previous year: EUR 1 thousand). Liabilities for Supervisory Board remuneration of EUR 40 thousand were created in the current financial year. Expenses of EUR 309 thousand (previous year: EUR 272 thousand) 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 received the following adesso AG shares as of 31 December 2014:

<i>in EUR k</i>	<i>Number of no-par bearer shares</i>
Prof. Dr. Volker Gruhn, Dortmund, directly and indirectly	1,719,767
Dipl.-Inform. Rainer Rudolf, Dortmund	1,088,195
Prof. Dr. Gottfried Koch, Stein	15,921
Dr. Friedrich Wöbking, Pullach	5,500
Prof. Dr. Willibald Folz, Munich	0
Dipl.-Math. Heinz-Werner Richter, Dortmund	0
	2,829,383

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:

Joint venture:

> PSLife GmbH, Cologne

Associates:

> Barmeria IT+ GmbH, Wuppertal

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:

	2014		2013	
<i>in EUR k</i>	<i>Receivables</i>	<i>Liabilities</i>	<i>Receivables</i>	<i>Liabilities</i>
Joint venture	422	4	465	2
Associates	0	0	-	-
Other	0.4	25	0	8

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

	2014		2013	
<i>in EUR k</i>	<i>Income</i>	<i>Expenses</i>	<i>Income</i>	<i>Expenses</i>
Joint venture	2,490	17	2,173	43
Associates	0	0	-	-
Other	11	35	57	246

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 2014.

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 2014	DOSU 2013
(1) Year-end audit	202**	233*
(2) Other consulting services	3	16
TOTAL	205	249

* Thereof EUR 28 thousand from 2012

** Thereof EUR 5 thousand from 2013

Events after the Reporting Date

No further events of material importance to adesso Group occurred after the reporting date on 31 December 2014.

Appropriation of Net Income

The Executive Board and Supervisory Board shall propose a distribution of EUR 1,448,430.00 or EUR 0.25 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 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 always available on the internet at www.adesso-group.de (Investor Relations > Group > Corporate Governance)

Affiliated Companies of the adesso Group

<i>Company</i>	<i>Headquarters</i>	<i>Equity</i>	<i>Annual profit</i>	<i>Capital share</i>
adesso Austria GmbH	Vienna, Austria	EUR -2,273 k	EUR -527 k	100 %
adesso hosting services GmbH	Dortmund, Germany	EUR 185 k	EUR 84 k	51 %
adesso insurance solutions GmbH	Dortmund, Germany	EUR 38 k	EUR 14 k	100 %
adesso mobile solutions GmbH	Dortmund, Germany	EUR 343 k	EUR 0 k*	100 %
adesso Schweiz AG	Zurich, Switzerland	CHF 3,177 k	CHF 1,046 k	100 %
adesso Transformer GmbH	Vienna, Austria	EUR 78 k	EUR -136 k	51 %
adesso Turkey Bilgi Teknolojileri Ltd. Şti.	Istanbul, Turkey	TRY -592 k	TRY -1,223 k	100 %
areal drei advisory GmbH	Cologne, Germany	EUR -136 k	EUR 120 k	100 %
ARITHNEA GmbH	Neubiberg, Germany	EUR 3,259 k	EUR 1,577 k	51 %
e-Spirit AG	Dortmund, Germany	EUR 4,563 k	EUR 0 k*	100 %
e-Spirit Inc.	Delaware, USA	USD -2,540 k	USD -1,200 k	100 %
e-Spirit Schweiz AG	Zurich, Switzerland	CHF -277 k	CHF -187 k	100 %
e-Spirit UK Ltd.	London, Great Britain	GBP -775 k	GBP -245 k	100 %
gativ GmbH	Much, Germany	EUR -14 k	EUR -167 k	60.91 %
percision Schweiz AG	Zurich, Switzerland	CHF 14 k	CHF 3 k	100 %
percision services GmbH	Dortmund, Germany	EUR -4,283 k	EUR 661 k	100 %
phb services GmbH	Dortmund, Germany	EUR 29 k	EUR 4 k	100 %

* Annual profit EUR 0 thousand, because of an existing profit/loss transfer agreement with adesso AG

Participation of the adesso Group

<i>Company</i>	<i>Headquarters</i>	<i>Equity</i>	<i>Annual profit</i>	<i>Capital share</i>
Barmeria IT+ GmbH*	Wuppertal, Germany	EUR 128 k	EUR 28 k	24 %
PSLife GmbH*	Cologne, Germany	EUR 71 k	EUR -4 k	50 %

* 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, 17 March 2015

adesso AG



Michael Kenfenheuer



Dr. Rüdiger Striemer



Christoph Junge

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 2014 to 31 December 2014. 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, 17 March 2015

DOSU AG
Wirtschaftsprüfungsgesellschaft

Jens Landfeld
German public auditor

Jochen Brorhiller
German public auditor

MANAGEMENT AND DIRECTORS

Executive Board



Michael Kenfenheuer
Co-CEO

Michael Kenfenheuer (born in 1958) is a member of the Executive Board and responsible for the Consulting and Sales departments. In the Executive Board of adesso he is furthermore in charge of the adesso shareholdings e-Spirit AG, gadiv GmbH sowie ARITHNEA GmbH and adesso insurance solutions GmbH. He was appointed as a member of the adesso AG Executive Board 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. He is also responsible for coordinating sales activities.



Dr. Rüdiger Striemer
Co-CEO

Dr. Rüdiger Striemer (born in 1968) is a member of the Executive Board and responsible for the Software Development and Corporate Communications departments. He earned his doctorate in information technology at Berlin Technical University in 1998 and started out as a Business Development Manager at adesso AG in 1999. When he became a member of the adesso Executive Board in 2001, he assumed responsibility for strategic business development and corporate communications. Dr. Rüdiger Striemer has also been managing the Software Development department since 2002. Moreover, he oversees the Austrian, Swiss and Turkish subsidiaries and other holding companies. He assumed his current role as Co-CEO of adesso AG in January 2011.



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, Legal Affairs and Mergers & Acquisitions. 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.

Supervisory Board

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, where his main research focuses on mobile applications. Prof. Dr. Gruhn is the author and co-author of approximately 270 national and international publications and conference contributions. Moreover, he is member of the BIPRO e.V. advisory board. 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.

Prof. Dr. Willibald Folz

Member of the Supervisory Board (Vice-Chairperson)



Prof. Dr. Willibald Folz worked in the economics division at Bavarian Ministry of Finance and Bavarian State Chancellery after studying law and economics and graduating with a major in business administration. He then held management positions at various banks including the Bayerische Landesbank, at the Deutsch-Skandinavischen Bank AG as a member of the executive board and at Münchner Hypothekbank eG as speaker of the executive board and later from 1998 to 2010 as the chairman of the supervisory board. From 1990 to 1999, he was the president and chairperson of the executive board of the Genossenschaftsverband Bayern e.V. (Bayern association of co-operatives). Moreover, he is member of the supervisory boards at Bayerische Versicherungsbank AG, Bayern Versicherung, Bayerische Beamtenversicherung as well as Bausparkasse Schwäbisch Hall and he is the chairperson of the BayWa supervisory board.

Prof. Dr. Folz taught at the faculty of economics of Eichstätt/Ingolstadt Catholic University, specialising in bank law and cooperatives. He was the chairperson of the university council of Bamberg University and the board of trustees of the Academy of Philosophy in Munich.

Prof. Dr. Gottfried Koch

Member of the Supervisory Board



Professor Dr. Gottfried Koch, born in 1951, is Professor of Insurance Information Technology and management board member of the Computer Science Institute at the University of Leipzig. Before taking over professorship in 1998, he was a management consultant at the Helvetia insurance Group St. Gallen and Frankfurt as well as an independent management consultant. He was also managing director of FJA AG in Austria and Switzerland until 2000. He graduated from the German Insurance Academy in Cologne, the Johann Wolfgang Goethe University of Frankfurt and the University of St. Gall, Switzerland, where he obtained his doctorate. Prof. Dr. Gottfried Koch began his career as a trained insurance salesman at Frankfurter-Allianz Versicherungs AG.

Heinz-Werner Richter

Member of the Supervisory Board



Heinz-Werner Richter, born in 1951, was a member of the Executive Board of Barmeria Versicherungen from 1996 until 2013, where he was responsible for IT and mathematics in the health and life insurance divisions. He was also a member of the Executive Board of the German Association of Actuaries (DAV) for many years and member in numerous bodies of the German Insurance Industry Association (GDV) and the Association of Private Health Insurers. He is currently actuarial trustee for private health insurance companies and acts as consultant for IT projects. Before starting his career at Barmeria Versicherungen in 1977, Heinz-Werner Richter graduated from Rheinische Friedrich-Wilhelms University of Bonn where he studied mathematics and IT.

Rainer Rudolf

Member of the Supervisory Board



Rainer Rudolf, born in 1962, co-founded adesso AG in 1997 and managed the company as Chairman of the Executive Board until 2010. Until 2007 he was responsible for the entire administration including all commercial and administrative activities as well as for personnel and law. He greatly contributed to the sound economic development of the company. Since leaving the Executive Board on 30 September 2011, the IT graduate has been Managing Director of Stock Informatik GmbH & Co. KG, 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.

Dr. Friedrich Wöbking

Member of the Supervisory Board



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.

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).

IFRIC

The International Financial Reporting Interpretations Committee (IFRIC) is a committee of the International Accounting Standards Committee Foundation (IASC). The committee is made up of 14 members. The task of the IFRIC is to establish and publish financial reporting standards for the IFRS and IAS. A particular focus of their work is addressing cases in which standards are shown to be open to different or incorrect interpretations, as well as those in which new issues cannot be adequately provided for by existing standards.

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.

Interest rate swap

An interest rate swap is a derivative used by contractual partners in order to agree the exchange of interest payments for certain sums at specific points in the future. Interest payments are usually set so that one party to the transaction will pay a fixed interest rate agreed at the time when the contract is made while the other party pays a variable rate. The variable interest rate is determined by the general reference interest rate on the interbank market. Interest rate swaps are, for example, used to hedge interest rate risk.

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.

Shared Service Center

Shared services are common service process that have been centralised in a company. The unit providing the service is generally described as the Shared Service Center. The department that makes use of such services has a kind of client relationship with the Shared Service Center.

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.

IT terminology

App

Short for application. It usually refers to small software application for general use. The term is often used to refer to software for mobile devices.

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 2,200 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.

Customer Experience

Customer Experience is the sum of all experiences a customer has with a supplier of goods or services. It is used to build an emotional relationship between the user and the product or the provider. Ideally, this should be achieved throughout every customer touch point. The primary objective is to develop satisfied customers into loyal customers and get them to become enthusiastic ambassadors of the brand or the services respectively of the product. Here, alongside direct effects such as willingness to buy, sales or intensity of use, especially indirect effects such as word of mouth and recommendations are in focus.

Digital Natives

The term digital native is used to describe people, who grew up in the digital world. Especially it refers to people for whom the use of computers and the Internet in everyday life is a matter of course because of their socialisation.

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.

Portal

A portal is a piece of IT architecture that allows the web-based exchange of information and data, thereby integrating a variety of applications.

Wearable

A wearable computer is a computer system attached to the user's body. The main purpose is not the use itself, but a computer-supported activity of the user in the real world. Well-known examples can be found in fitness bracelets, which track and analyse a user's physical activity to ideally improve user's health.

FINANCE CALENDAR

<i>Termine</i>	<i>Event</i>
2015-03-30	Publication of the 2014 annual report, financial press / analyst conference, Dortmund
2015-05-05	6th DVFA Frühjahrskonferenz, Frankfurt/Main
2015-05-13	Interim announcement of the group within the 1st half-year
2015-05-21	19th MKK Münchner Kapitalmarkt Konferenz, Munich
2015-06-02	Regular ASM, Dortmund
2015-08-28	Publication of the 2015 half-year figures
2015-09-09	5th ZKK Zürcher Kapitalmarkt Konferenz, Zurich
2015-11-13	Interim announcement of the group within the 2nd half-year
2015-11-23/25	German Equity Forum/One-on-Ones, Frankfurt/Main

IMPRINT

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