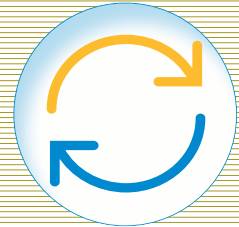
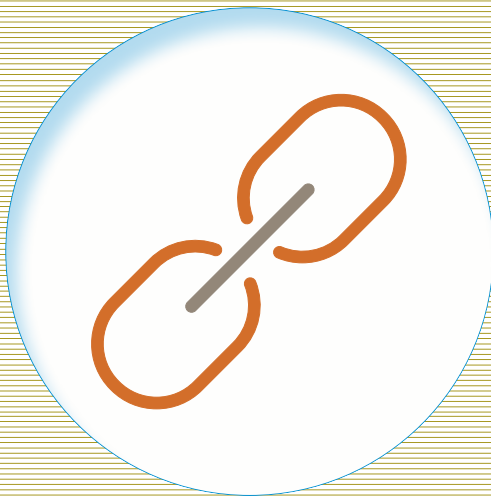
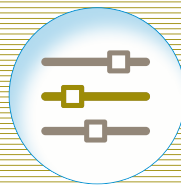
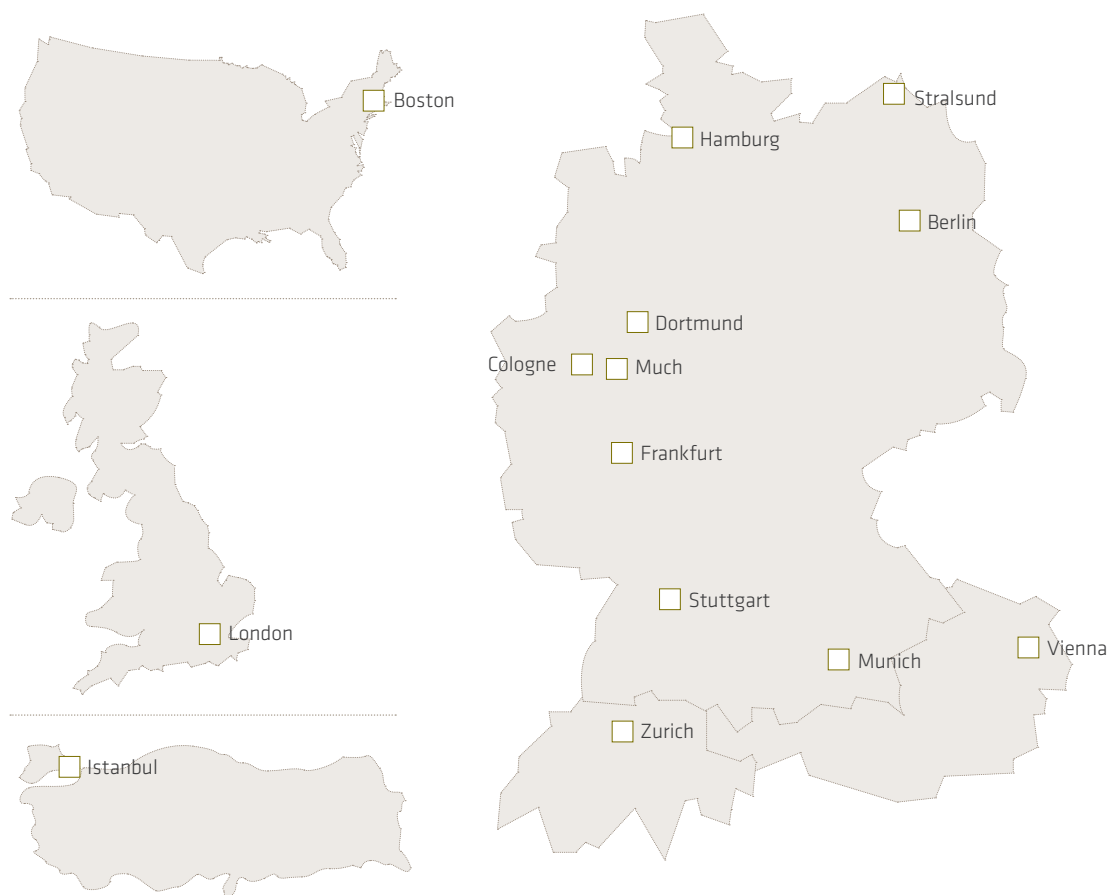


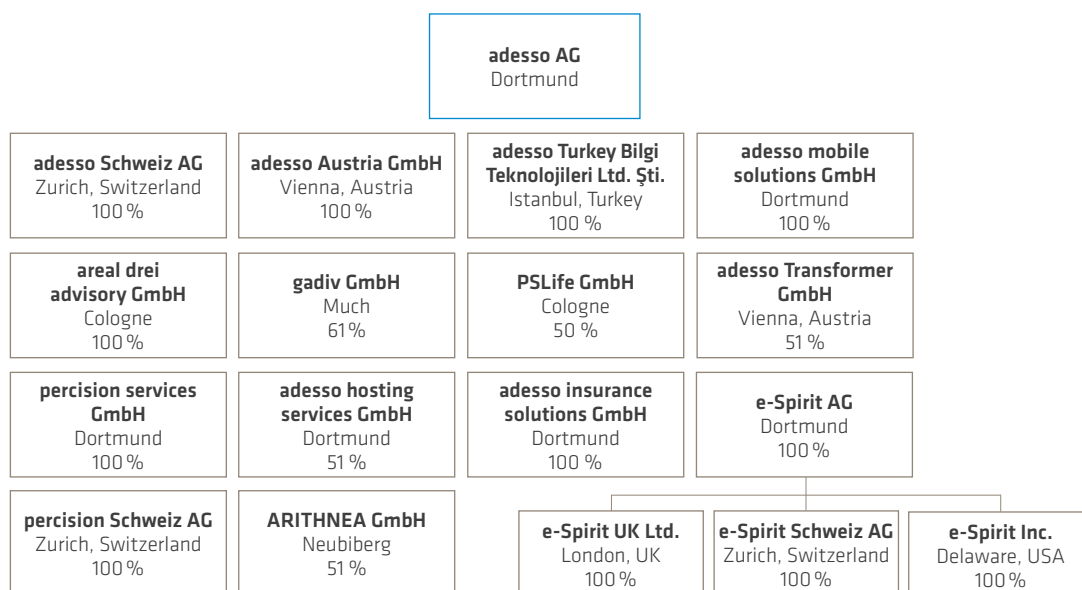
## developing adesso



## LOCATIONS



## COMPANIES IN ADESSO GROUP



## 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.

## DEVELOPING ADESSO

adesso continues to significantly invest in the future and is working intensively with employees, customers and partners on the company's development. Complementary to its core business adesso is becoming more and more a solution provider in specialised domains.

adesso strives to recognise potential for innovative IT solutions and completely new business models, opening doors to new market segments.

We are pleased to present to you a number of such exciting approaches starting from **page 20**.




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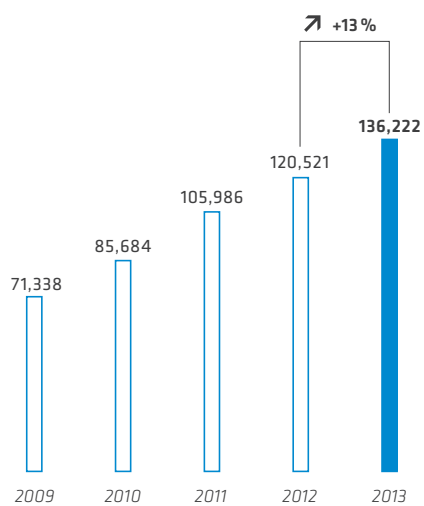
## KEY FIGURES

<i>in EUR k</i>	2013	2012	Change	<i>in %</i>
<b>PROFIT SITUATION</b>				
Sales revenues	136,222	120,521	15,701	13
domestic	114,218	97,504	16,714	17
foreign	22,004	23,017	-1,013	-4
EBITDA	7,782	6,711	1,071	16
EBITDA margin (in %)	5.7	5.6	0.1	2
Consolidated earnings	3,028	-92	3,120	3,392
<b>BALANCE SHEET</b>				
Balance sheet total	75,340	76,940	-1,600	-2
Equity	36,059	34,476	1,583	5
Equity ratio (in %)	47.9	44.8	3.1	7
Liquid assets	21,765	21,368	397	2
Net cash position	16,409	13,661	2,748	20
<b>EMPLOYEES</b>				
Employees (FTE)	1,221	1,084	137	13
domestic	1,106	986	120	12
foreign	115	98	17	17
Gross profit/Employees	105	106	-1	-1
<b>SHARE</b>				
Number	5,763,327	5,747,716	15,611	0
Price at the end of the period (in EUR)	10.55	6.40	4.15	65
Market capitalisation at the end of the period (in EUR m)	60.8	36.8	24.0	65
Earnings per share (in EUR)	0.48	0.12	0.36	300
Dividend per share (in EUR)	0.21*	0.18	0.03	17
P/E ratio	22.0	53.3	-31.3	-59

\* Subject to the approval of the Annual General Meeting

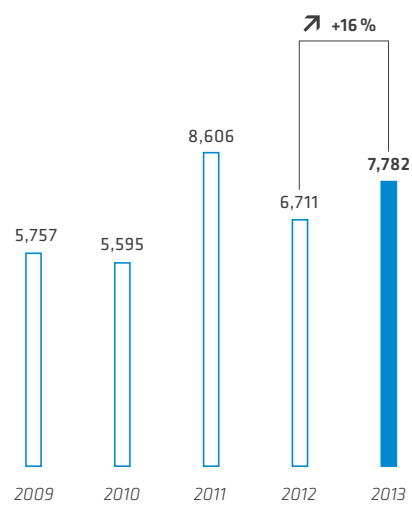
## GROWTH IN SALES

in EUR k



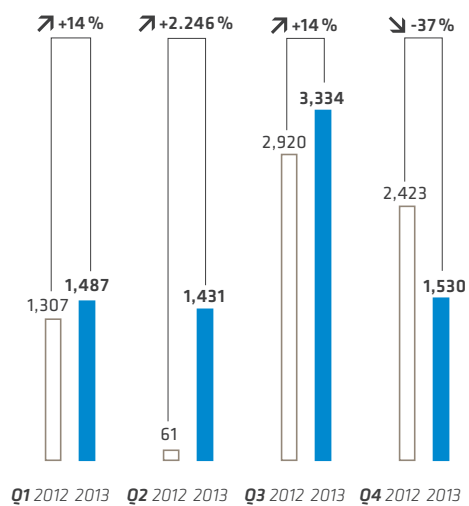
## EBITDA - DEVELOPMENT

in EUR k



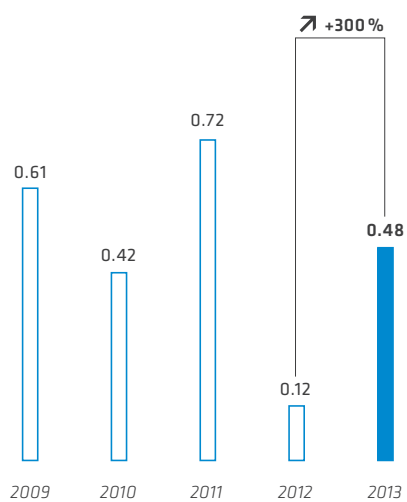
## EBITDA DEVELOPMENT (PER QUARTER)

in EUR k



## EARNINGS PER SHARE

in EUR k



## FOREWORD BY THE EXECUTIVE BOARD

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

We look back on a 2013 that was a successful and eventful year for adesso in many respects. Supported by a market environment that was positive overall for IT investments, adesso increased its sales revenues largely organically by 13 % to EUR 136.2 million. The operating result (EBITDA) improved by 16 % to EUR 7.8 million, reaching the target for the year. This was made possible first and foremost by profitable growth in Germany with consulting and tailor-made software development, which form the core and the backbone of adesso Group. Thankfully, the significant growth is built on a broad foundation. In addition to new, additional business activities and solutions, adesso is succeeding in increasingly establishing itself in the eyes of its most important customers as a strategic IT partner. The company recorded substantial increases in sales revenues from nine of its top ten customers.

We have made noticeable progress in view of our strategic growth targets as well as the expansion of adesso to become one of the leading IT partners for industry-specific consulting, software development and solutions. adesso continues to significantly invest in the future and is working intensively with employees, customers and partners on the company's development. Somewhat less readily apparent than our success in our core business and our internationalisation measures is the further development of adesso as a provider of solutions in specialised fields. adesso strives to recognise potential for innovative IT solutions and completely new business models, opening doors to new market segments. With its transaction-oriented heuristic claims management (HCM) business model, adesso is managing elements of the core business process of processing insurance claims for the first time, for example. The customer is invoiced for the number of claims processed. We are pleased to present to you a number of such exciting adesso approaches in this year's Annual Report, which is entitled "Developing. adesso".

Mobile Solutions once again recorded the highest growth rate in 2013. In its Enterprise Mobility portfolio, adesso was able to fully leverage its strengths in specialist expertise, core business processes and state-of-the-art software development for mobile applications. There are very few companies in the German-speaking world that, like adesso, have more than 100 specialists for the development of mobile applications on the same level as Enterprise Mobility. In addition, adesso is working with many of its customers on developing the mobile strategy for the years to come.

adesso's powerful development once again enabled the company to generate significantly above-average growth in 2013. Even though there were increases in the operating result, consolidated earnings and net liquidity, expenses were also incurred through investments. We are aware of these expenses and accept them, provided that they are not associated with a decrease in the operating margin or our ability to pay dividends. With low sales revenues in North America, adesso invested some EUR 1 million in the expansion of its US subsidiary for the sale of the high-end content management system FirstSpirit in 2013 and made valuable progress in terms of gaining partners, increasing the company profile and boosting the sales pipeline. In Turkey, we founded a new subsidiary and began recruiting employees and building up customer relationships.



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

In 2013, a customer-related project stoppage in Austria resulted in expenses in the operating result of almost EUR 1 million and a further EUR 0.8 million in write-downs on goodwill. Even though major software development projects are naturally associated with risks, we are not satisfied with the manner and extent of this effect. Nevertheless, the key performance indicators continued to see positive overall development. Consolidated earnings rose substantially to EUR 3.0 million, as did earnings per share to EUR 0.48 (previous year: EUR 0.12). adesso pursues a strategy that seeks to strike a balance between fast growth, a guaranteed minimum return on operations, solid financials and rising dividend payments. We and the Supervisory Board are therefore very pleased to propose to the General Meeting a 17 % increase in the dividend to EUR 0.21 per share. We intend to grow decidedly faster than the market once again in financial year 2014 through a wide range of business initiatives and their integration. In the USA, we expect to generate the first significant sales with our FirstSpirit product. One major contract was already successfully concluded in March 2014. We anticipate noticeable improvements in earnings in Austria and Switzerland. By contrast, investments in Turkey will rise at first. Based on the forecast growth rate of 3.5 % in the relevant IT market segments, we expect to see sales grow by 6 % to 9 % to between EUR 144 million and EUR 148 million in 2014. The operating result (EBITDA) is also set to rise by 9 % to 16 % to between EUR 8.5 million and EUR 9.0 million. We hope to see the EBITDA margin rise once again to more than 6 % in 2014, and we plan to intensify activities centred on a further company acquisition this year.

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. The recent recognition of adesso as one of Germany's best employers shows us that we are on the right track. 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 2014

The Executive Board



Christoph Junge



Michael Kenfenheuer



Dr. Rüdiger Striemer



## REPORT BY THE SUPERVISORY BOARD



Heinz-Werner Richter, Dr. Friedrich Wöbking, Prof. Dr. Volker Gruhn, Prof. Dr. Gottfried Koch, Prof. Dr. Willibald Folz, Rainer Rudolf (l. t. r.)

In financial year 2013, 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.

Four Supervisory Board meetings took place in financial year 2013. 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 2013 Supervisory Board meeting discussed, critically examined and approved the Annual Report and Consolidated Financial Statements for financial year 2012. The Supervisory Board meeting was also used to approve the planning for financial year 2013 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.

The Executive Board reported on the status of the planned conclusion of profit transfer agreements with the adesso subsidiaries e-Spirit AG, percision GmbH and adesso mobile solutions GmbH.

The second Supervisory Board meeting, in June 2013, held directly after the General 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. In this context, scenarios were presented that outlined possible ways of promoting the restructuring of evu.it GmbH by making organisational changes within adesso Group. The Supervisory Board welcomed the planned approach.

The third Supervisory Board meeting, held in September, presented and discussed the preliminary figures for the first half of the year, analysed the development of the individual Group companies and presented the ongoing business performance. The Executive Board presented a report on the completed merger of percision GmbH and evu.it GmbH and their renaming as percision services GmbH.

The fourth Supervisory Board meeting of adesso AG, held in December, presented the interim half-yearly financial statements as of 30 September 2013 and reported on the development of the asset, financial and earnings situation of the company and its subsidiaries in the ongoing financial year. adesso Group's forecast for full-year 2013 was also discussed. The same meeting also discussed in depth the progress in expanding the business activities in the USA and Turkey and set milestones for reviewing the progress in 2014. After that, the Executive Board presented the risk management system in place at adesso for software development projects. The Supervisory Board came to the opinion that the risk management processes and tools employed had been established to the necessary extent.

In addition, the meeting resolved to update the Declaration of Conformity with the German Corporate Governance Code.

#### Changes in the composition of the Supervisory Board

The Supervisory Board of adesso AG was expanded in the reporting period. Prof. Dr. Gottfried Koch, Heinz-Werner Richter and Rainer Rudolf were appointed to the Supervisory Board, increasing the number of members. Prof. Dr. Volker Gruhn was elected Chairman of the Supervisory Board; Prof. Dr. Willibald Folz was elected Deputy Chairman.

#### 2013 Annual Report

DOSU AG Wirtschaftsprüfungsgesellschaft, Dortmund, the auditor elected by the General 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 2013 and has issued an unqualified audit opinion.

The responsible auditor from DOSU AG Wirtschaftsprüfungsgesellschaft took part in the balance sheet meeting in March 2014. 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 2013 as well as the Executive Board's proposed appropriation of income

for financial year 2013. 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 Management Report of adesso AG and has approved the Consolidated Financial Statements and Annual Financial Statements for financial year 2013.

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.

adesso looks back on a financial year 2013 that was successful on the whole. The group's over 1,200 employees are the reason for this success. The Supervisory Board would like to thank all of them as well as the management teams and the Executive Board of adesso AG.

Dortmund, 20 March 2014

The Supervisory Board



Prof. Dr. Volker Gruhn, Chairman

## INVESTOR RELATIONS

### The Share

#### The Trading Year 2013 – General Conditions

The German lead index DAX ended the trading year up more than 25 % on the previous year and closed at a record 9,552 points. This was only slightly below the excellent performance of plus of 29 % in 2012. Even though analysts thought the standard German shares still had potential in them after the spectacular 2012 trading year, experts had not predicted quite such a run. On average, an increase of just 5 % was expected. The TecDAX also performed well in 2013, gaining an impressive 41 %, while the MDAX was also up sharply at 39 %. The historically low interest rates and the easing of the sovereign debt crisis in the eurozone are responsible for this development. In this environment, shares soared on the back of both strong corporate data and high dividends. The second half of the year saw practically no downward trends.

#### Development of the adesso Share

After gaining 65 % on the previous year and outperforming the TecDAX by 24 percentage points, the adesso share performed remarkably well in 2013. It closed the year at EUR 10.55, an appreciation of EUR 4.15 within the space of twelve months. It hit its annual high of EUR 11.78 on 29 November 2013. During the first week of trading, the share declined to its annual low of EUR 6.30 on 4 January due to low trading volumes, but went on to beat the TecDAX. After performing in line with the benchmark, it pulled ahead by mid-year, temporarily gaining as much as 10 percentage points before the quarterly figures were announced in May. This was spurred by the ad hoc publication of results, which were considerably higher year on year, but admittedly fell short of estimates for the full year. At the beginning of June there were signs of a dividend on a similar scale to the previous year based on the resolution of the General Meeting. Due to the lack of further impetus, the shares retreated from their lead at lower trading volumes, but continued to move in line with the TecDAX. The nine-month figures announced on 11 November came in better than some investors had hoped after half-yearly figures published in August fell short of the company's guidance. The company had nevertheless reiterated its guidance. After a strong third quarter, the guidance appeared to be

within reach again or, provided certain conditions were met, could even be exceeded. The share gained 13 % in one day, from EUR 8.65 to EUR 9.75, and continued to rise in the following days until it hit its annual high of EUR 11.78 on 29 November. This run was also induced by the higher trading volumes following adesso's participation at Germany's most important capital markets conference. At this point the share had gained 84 % since the beginning of the year compared to the TecDAX's 39 %. While the TecDAX remained at this level until the end of the year, adesso shares dropped 19 percentage points due to profit taking, but still managed to beat the benchmark by 24 percentage points at year end.

adesso's market capitalisation therefore increased considerably from EUR 36.8 million at the end of 2012 to EUR 60.8 million.

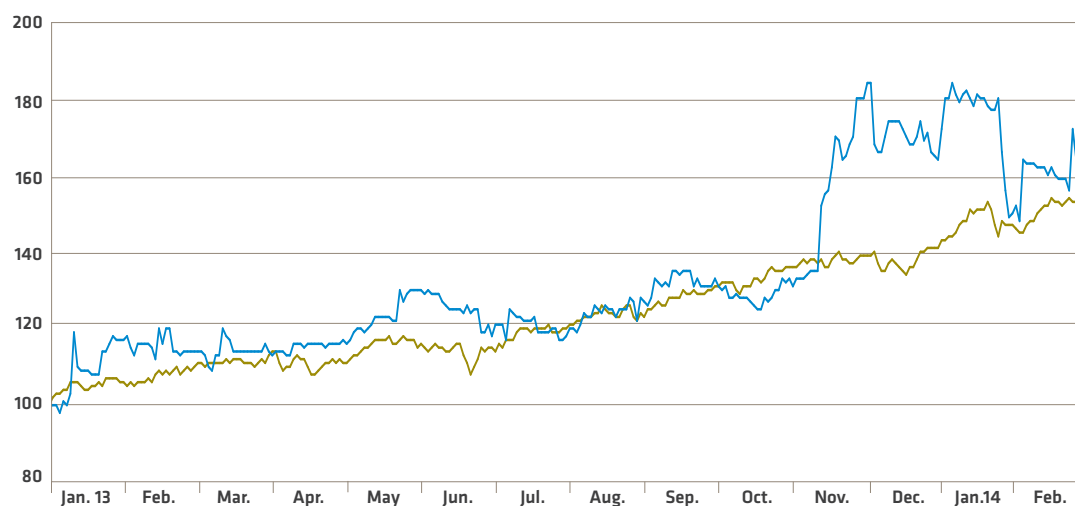
After share trading volumes on the spot market declined sharply by 22 % in 2012, they registered a slight increase of 0.6 % to EUR 960 billion in 2013. Investors continued to focus on large caps. adesso's trading volume was up by 32 % year on year from EUR 7.2 million to EUR 9.5 million, with November being the strongest month at EUR 1.8 million. In July, on the other hand, a mere EUR 0.2 million was generated. An average of 4,408 shares changed hands each and every trading day in 2013, an increase of 6 % on 2012. On average, 92,936 shares were traded per month. April and July were the only months in which less than 50,000 shares were traded. Around 74 % of trading in 2013 was carried out on the Xetra trading platform, which is 1 percentage point less than in 2012.

At the beginning of 2014, adesso shares rallied by up to 10 % amid the continued positive stock market environment. Following an ad hoc announcement on 27 January 2014 that the company's earnings could be hit by the premature termination of a key project, the share fell by 17 % the next day from EUR 11.50 to EUR 9.55. Some investors took advantage of the price drop, buying shares at comparatively high volumes. The share price quickly recovered, regaining its level at the beginning of the year in a matter of days. In the meantime, the TecDAX was unable to keep pace with adesso, which was trading 6 % higher at the end of February compared to the beginning of the year. During this period, the TecDAX gained 10 %.

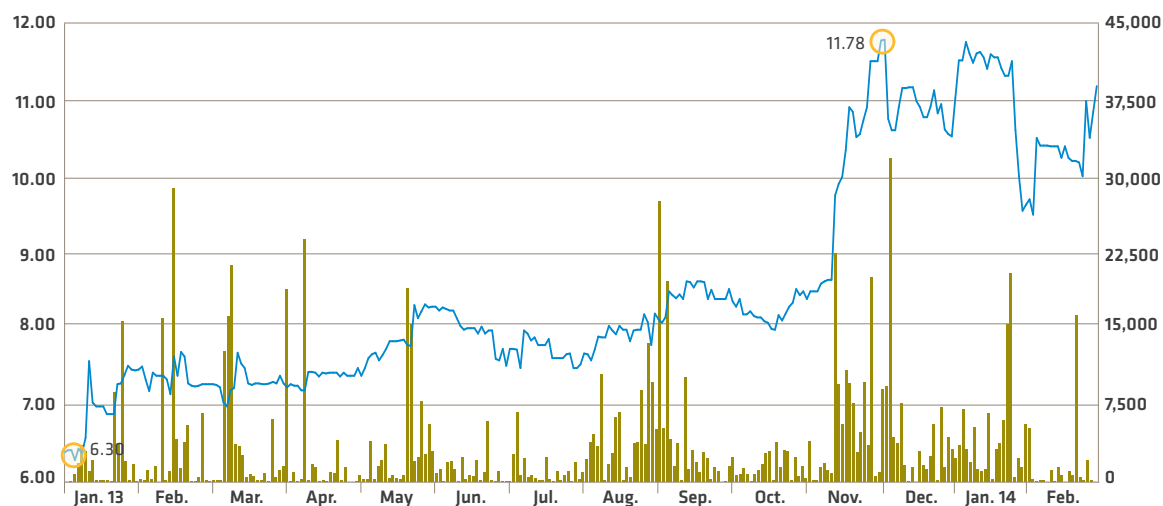
## DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE TECDAX

*indexed*

■ adesso AG ■ TecDAX



## DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

*in EUR / trading volumes: in shares*

### Capital Measures

Share capital rose by 0.3 % in the reporting period from EUR 5,747,716 to EUR 5,763,327 after stock options from the company's stock options programme were exercised. Share capital initially rose by EUR 14,195 in July and increased by a further EUR 1,416 in September.

### Dividends

The General Meeting held on 4 June 2013 approved the proposal by the Supervisory Board and Executive Board on the appropriation of net income and distributed an unchanged dividend of EUR 0.18 per share, which corresponds to a payout ratio of 149 %, based on consolidated net income (previous year: 25 %). The dividend was credited to shareholders' custodian accounts from 5 June 2013. The dividend yield amounted to 2.8 % based on the 2012 closing share price.

### Shareholder Structure

The largest shareholder of adesso AG with 29.8 % of the voting rights is Prof. Dr. Volker Gruhn, who holds his share indirectly via the Setanta GmbH investment company. He is the Chairman of the Supervisory Board of adesso AG and its co-founder. As co-founder, previous member of the Executive Board and since 2013 member of the Supervisory Board, Rainer Rudolf holds the second-largest share in voting rights at 18.9 %. adesso AG's Supervisory Board holds 49.1 % and its Executive Board 1.8 % of the company's share capital. 81.9 % of the assigned voting rights and therefore the majority is held by private investors. Another 5.3 % is held by institutional investors. The remaining 12.8 % of the company's shares cannot be clearly assigned to a specific class of investors. According to Deutsche Börse AG's definition, the free float is 36.1 %. This figure has increased by a total of 0.6 percentage points compared to the previous year on account of changes in holdings by shareholders whose shares can be allocated to non-free float as well as the exercising of options from the company's stock option 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 ready access to information, but also actively seek dialogue with institutional and private investors, analysts and the financial press.

In doing so, we regularly present our developments in the course of one-on-one meetings or roadshows. We also take advantage of numerous investor conferences to present adesso AG and enhance our contact to the capital market.

We again presented adesso AG at the German Equity Forum in Frankfurt in 2013, a privilege usually only granted to companies listed in the Prime Standard. The company was also presented at the Deutsche Börse Spring Conference in Frankfurt as well as three other conferences and investor events, one of which was in Paris. The financial calendar for 2014 once again plans for an increase in the number of investor conferences. In addition, we published information relevant to the capital market and presentations on our company regularly during the financial year. Interested capital market participants have access to comprehensive information in the "Investor Relations" section of the company website, which goes far beyond the mandatory disclosures. The menu item "Questions for the CFO" is a service that permits direct dialogue with the responsible Executive Board member. Distribution lists for mailing or electronically distributing company press releases and reports allow us to actively and automatically supply interested parties with the latest information on adesso AG. Around 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 most important performance figures 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 2013. 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, the share of adesso AG has been regularly assessed through studies and updates by WGZ BANK AG and since May 2013 also by the independent analysts of SMC Research. As communicated last year, Hauck & Aufhäuser Institutional Research ended its coverage in mid March 2013 with the termination of the service agreement with

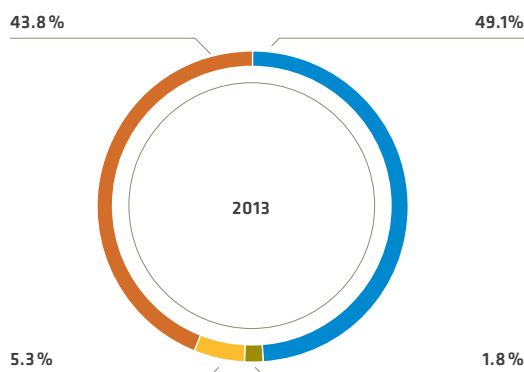
The following table shows the most important share data for 2013 per quarter:

#### SHARE DATA

	Q1	Q2	Q3	Q4	2013
Price at the end of the quarter	7.30	7.60	8.37	10.55	10.55
Development in 2013 (in %)	14	19	31	65	65
Development of TecDAX 2013 (in %)	13	14	31	41	41
Highest price in EUR	7.71	8.33	8.63	11.78	11.78
Lowest price in EUR	6.30	7.21	7.50	8.00	6.30
Volatility (90 days at the end of the quarter in %)	41.1	41.2	27.0	38.0	38.0
Trading volumes in shares per trading day	4,019	3,388	4,782	5,435	4,408
Trading volumes in EUR per trading day	29,164	26,846	38,640	55,071	37,408
Number of shares	5,747,716	5,747,716	5,761,911	5,763,327	5,763,327
Market capitalisation in EUR million	42.0	43.7	48.2	60.8	60.8

#### SHAREHOLDERS

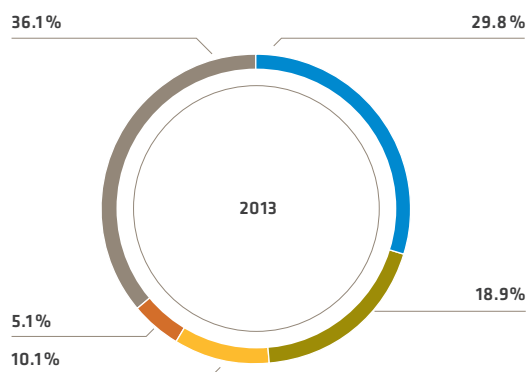
in %



■ 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 (Chairman)

Hauck & Aufhäuser Privatbank. At that point, the analyst rated adesso with buy and a target price of EUR 10.30. The latest updates of the current analysts were published in March 2014. Both rated the share with “buy” (WGZ Bank, 13 March 2014: price target EUR 14.00 / SMC Research, 10 March 2014: price target EUR 13.90).

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

**Contact:**

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Member of the Executive Board  
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Fax +49 231 930-9331  
ir@adesso.de

**BASIC SHARE DATA**

			2013	2012
ISIN Code	DE000A0Z23Q5	Number of shares at the end of the year	5,763,327	5,747,716
WKN (national security identification number)	A0Z23Q	Xetra closing price at the end of the year (EUR)	10.55	6.40
Symbol / Code	ADN1	Market capitalisation at the end of the year (EUR million)	60.8	36.8
Reuters Instrument Code	ADNGK.DE	Earnings per share (EUR)	0.48	0.12
Bloomberg Symbol	ADN1:GR	Cashflow per share (EUR)	1.33	0.06
First day of trading	21.06.2000	P / E ratio	22.0	53.3
Trading platforms	Xetra	Price / cash flow ratio	7.9	98.6
Maret segment	General Standard	Dividend per share	0.21	0.18
Number of shares	5,763,327	Return on dividend	2.0 %	2.8 %
Currency	EUR			
Nominal value	No share with nominal value: 1.00 EUR (mathematically)			
Share capital	5,763,327 EUR			
Voting rights per share	1			
Index	CDAX, DAXsector All Software, DAXsubsector All IT-Services, General All-Share, General Standard Index			
Reporting standard	IFRS			
End of financial year	31.12.			



## RECOMMENDATIONS

<i>Date</i>	<i>Subject / Recommendation</i>	<i>Evaluation</i>	<i>Source</i>
13 March 2014	Buy	Price target: EUR 14.00	WGZ BANK AG Westdeutsche Genossen- schafts- Zentralbank
10 March 2014	Buy	Price target: EUR 13.90	SMC Research
31 January 2014	adesso AG: Strong growth and profitable	After a dip in results due to expansion-related costs and extraordinary effects in 2012, adesso returned to growth in the first nine months of last year and made considerable progress, particularly with regard to results. [...]	SMC Research Watchlist 2014 – IT-Dienstleis- tungen
22 January 2014	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
26 Nov. 2013	The most thrilling tech stocks for the brave people	[...] With a price-to-sales ratio of barely 0.5 and times earnings (2014) of about 15, the stock is not overpriced despite the recent jump in prices [...] bet on international growth with little risk for investors.	Wirtschafts- Woche Online/ Handelsblatt Online
04 Oct. 2013	Investors expect further profitable growth	With a two to three year's prospect the price-to-earnings ratio is likely to be in single-digit range: Hold positions until then and make use of temporary weakness.	Nebenwerte Journal
12 June 2013	adesso: big chance to ascend	Purchase limit / Stop: 9.00/7.10	Focus Money
01 January 2013	On the watch list	[...] Good figures in the third quarter indicate the ending of a weak period [...]	comdirect compass

## 2013 HIGHLIGHTS

### January

#### adesso launches subsidiary for hosting services

Extending its portfolio of solutions to include more complex hosting and cloud services, adesso launched adesso hosting services GmbH in collaboration with hosting provider ADACOR at the beginning of the year. The new company extends adesso's value chain by offering operation of software systems within customer projects.

### February

#### Commerzbank customers get a handle on SEPA migration thanks to adesso testing procedures

In anticipation of massive changes in payment processing, adesso developed a testing procedure for Commerzbank to ease the burden of migrating systems for its corporate customers. Commissioned by Commerzbank, a tool was developed which served to solve conversion issues. Based on the provision of individual test data, customers' financial management systems were thus prepared for processing SEPA cash management messages.

### March

#### Largest customer BITMARCK confirms adesso as a framework agreement partner

As part of a Europe-wide tender issued by the BITMARCK group, adesso emerged as the most important framework agreement partner for the overall project for another four years. In 32 out of 39 public tenders, adesso emerged as one of five framework agreement partners in a position to take on potential consulting and software development contracts, thereby further expanding adesso's portfolio and commitment to this customer.

### April

#### PAYBACK migrates web portals on e-Spirit's content management system

PAYBACK, the leading international multi-partner loyalty programme and one of the largest and most powerful marketing platforms in the world, opted

for adesso Group's FirstSpirit content management system as a strategic base for its international web portals. Operating in Germany, Poland, India and Mexico, the company has its own web presence in each of these markets.

### May

#### adesso Schweiz AG announces record year

Posting record sales in Switzerland, adesso reports that sales rose to CHF 15.7 million, an increase of 18 % over the previous year. The company was particularly successful in the areas of system integration and Microsoft technologies. Annual profit rose by 17 % to CHF 1.7 million.

#### WestLotto puts its faith in adesso platform for direct sales business

Westlotto consolidated its entire direct sales activities on adesso's in|FOCUS platform. In addition to the games available online, the lottery's direct customers offering includes loyalty cards, 24 / 7 games, jackpot subscriptions as well as the entire central processing of winnings. In addition to supporting gaming components, the portal also offers features for customer, account, user and rights management as well as client and partner management and a registration process which satisfies strict regulatory requirements. As part of the transition to a unified platform, the service functionalities have also been extended.

### June

#### adesso brings new solution for automated modernization of software systems to market

A new adesso solution allows companies to modernise their legacy applications with little effort: adesso transformer converts COBOL and other older-generation programming languages into modern Java code. adesso AG founded adesso Transformer GmbH as a new Vienna-based subsidiary for the purpose of developing this solution further and selling it in the DACH region.

## July

### adesso is awarded framework agreement worth millions from Helvetia

The German unit of Swiss insurer Helvetia has concluded a three-year framework agreement with adesso AG worth a volume of several million euros for the development of a future-oriented sales solution. To further optimise the quality of service for more than 8,000 brokers and sales agents in the insurance company, the existing partner extranet applications, among others, were merged and functionally expanded as part of a multi-channel distribution strategy which includes the design of mobile applications.

### Adesso receives Silver Award at International Annual Report Competition

adesso AG's Annual Report 2012 received a Silver Award at the world's largest international annual report competition. Awarding 97 of 100 possible points, the jury of the LACP Vision Awards (League of American Communication Professionals) ranked adesso AG's Annual Report in third place in its size class and sector. The annual report reached the maximum number of points in each of the rating categories of title, cover, letter to shareholders, narrative structure, financial section, creativity and message.

### adesso AG lays cornerstone for new corporate headquarters in Dortmund

In July, adesso's growth trend was also underpinned by physical developments. In autumn 2014, adesso will move into its new corporate headquarters in Dortmund next to the existing building to accommodate the growth of its workforce. The adesso Executive Board will be welcoming the mayor of Dortmund Ullrich Sierau at the groundbreaking ceremony of the five-floor office building in July 2013.

## September

### adesso AG to build new site in Turkey

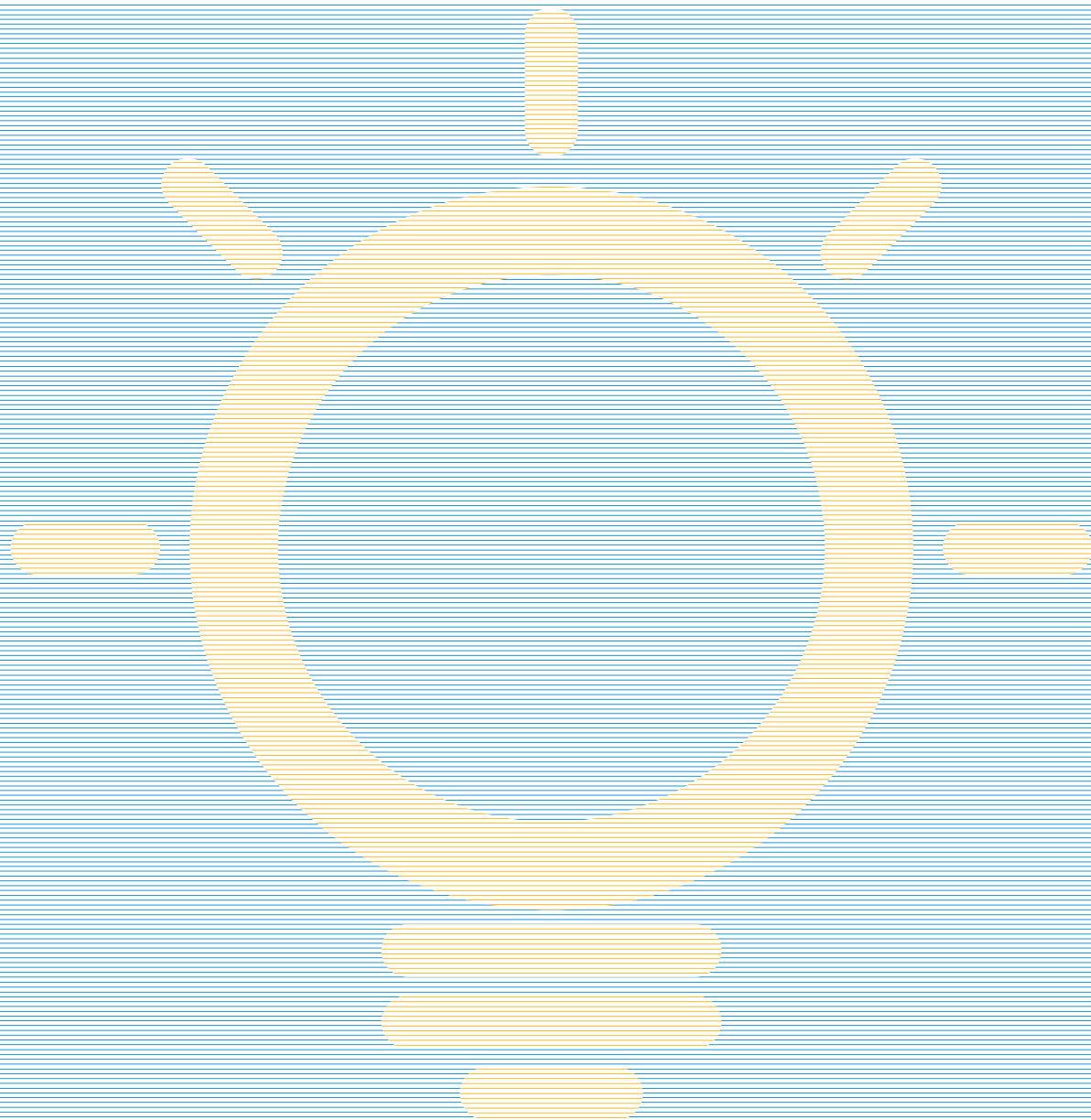
In September, adesso's new Turkish subsidiary will begin operations, marking a further step in adesso's internationalisation strategy. Adesso Turkey Bilgi Teknolojileri Ltd. Sti. in Istanbul will gradually sell

adesso's entire portfolio in Turkey under the guidance of an internationally experienced manager with local roots. Solutions and services related to content management and mobile business will initially be at the forefront of adesso's Turkish business.

## November

### Successful third quarter 2013 with growth in sales, earnings and margins

In November, adesso reported a successful third quarter in which sales, earnings and margins increased significantly compared to previous quarters in 2013 and the previous year. In particular, the dynamic development of adesso's German business boosted sales for the first nine months by 15 % to EUR 100.9 million. Profitable large-scale projects, a successfully completed restructuring of the energy sector and stable capacity utilisation enabled operating profit to climb by 46 % to EUR 6.3 million in the first nine months despite the investment in internationalisation. Based on the expected stronger second half, the forecast for the full year has been confirmed.



## DEVELOPING ADESSO

→ adesso has assisted customers for many years with the successful implementation of their individual business models through the use of information technology. Exceptional growth rates amid the company's focused expansion to one of the leading IT consulting firms in Central Europe attest to the quality of its services and products, strong market and technical knowledge, and an affinity for trends or changes.

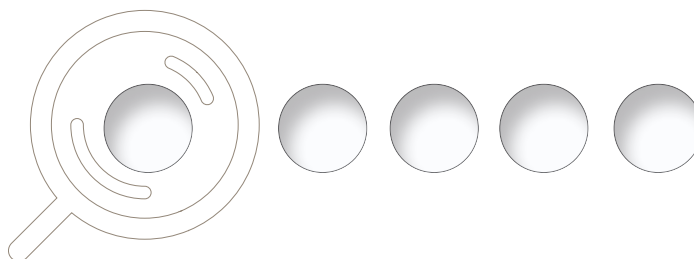
adesso recognized early on that the market for IT services is in transition, Customers are demanding partners who are not only experts in IT but also in their customers' specific industries. To this end, adesso offers customers significant added value which is important for securing a position as a premium supplier.

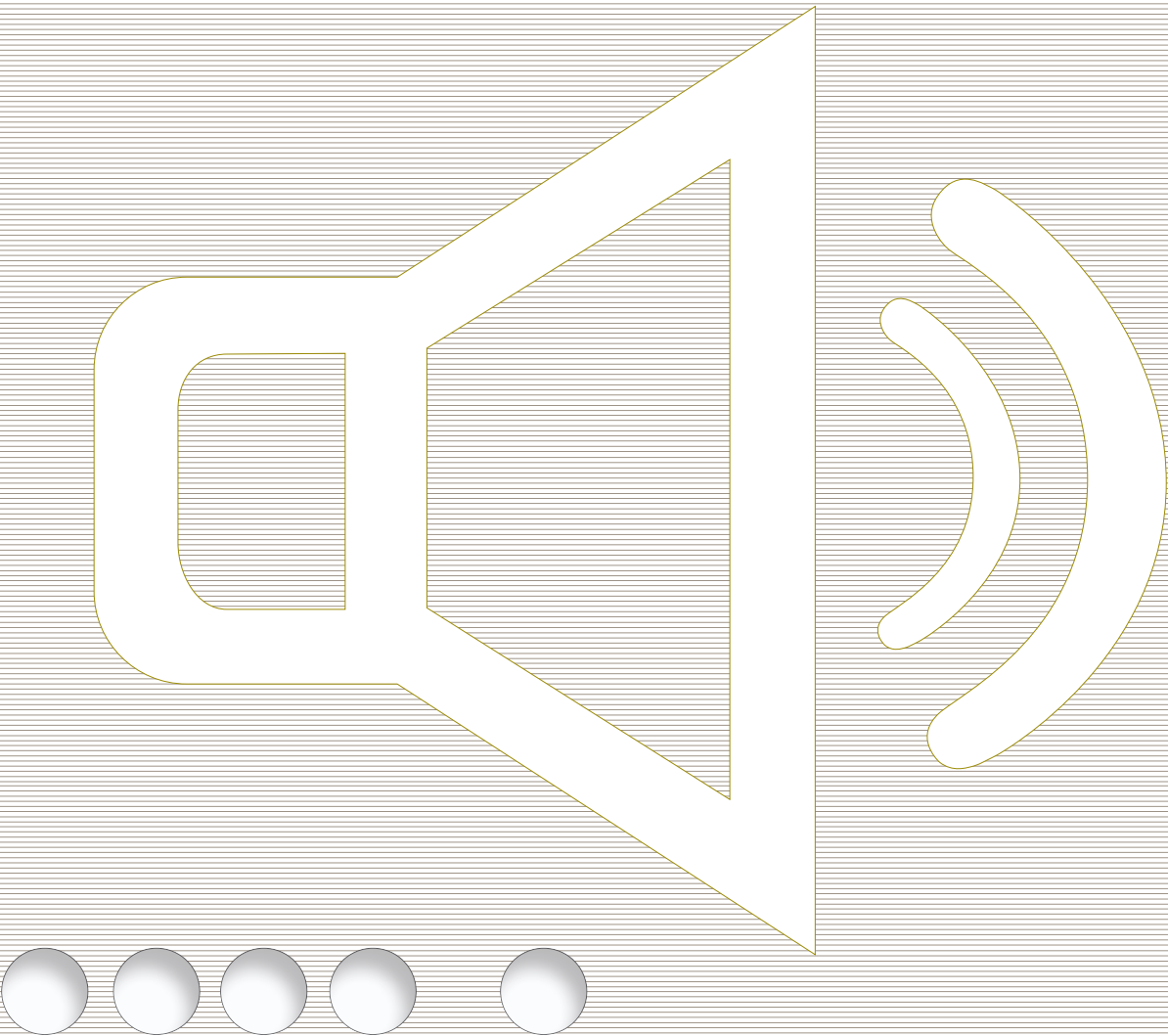
### **adesso takes projects to the next level.**

adesso develops not only efficient IT systems but also itself as a solution provider in specialised domains. Building on its core business of consulting, software development and comprehensive industry and project experience, adesso is able to recognise the potential of innovative IT solutions and brand-new business models. With its customers' interest at heart, adesso taps into those market segments on its own or jointly with partners or customers. The partial assumption of business risk in the form of refined, consistent services has been popular with customers and is being rewarded with attractive margins.

**On the following pages, we present a few of our exciting strategies.**

JOIN US AND TAP INTO **ATTRACTIVE MARKET SEGMENTS**

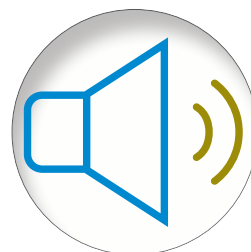




→ “A structured claims management system for electronic **communication** between law firms and insurance companies without media disruptions would make the work of the case handler significantly easier. What’s more, processing could be speeded up, something that ultimately can only benefit lawyers and their clients.”

There is already a standardised communication channel of this kind on the market today.

**adesso has developed it.** →



Since the beginning of 2010, adesso's drebis portal has more or less become the standard tool in electronic communication between lawyers and legal expenses insurance companies.

All information that is required for processing a case is exchanged electronically in a structured format, which means there is generally no need for additional time-consuming queries, and conclusive processing of coverage enquiries within two working days can thus normally be guaranteed. The portal project was set up in 2008 in association with seven large legal expenses insurers. Developed consistently since its launch, the portal has in the meantime attracted 14 legal expenses insurers and five car insurance companies, and the largest developers of software for law firms have integrated an interface to drebis in their own software. Lawyers can use the portal free of charge, while the participating legal expenses insurers pay adesso a transaction-based flat rate per case.



#### Case figures

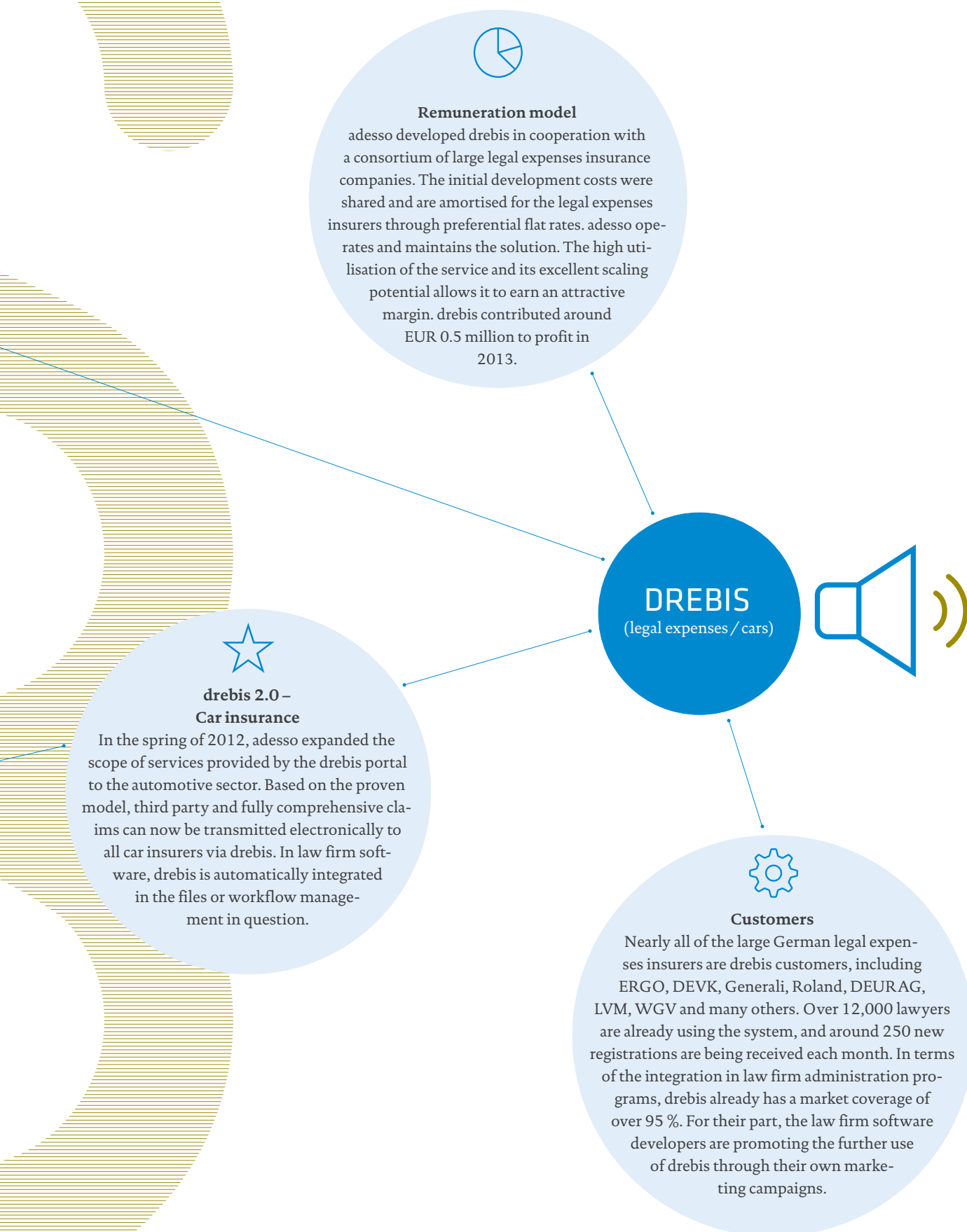
Around 14,000 legal expenses cases a month are now communicated via drebis, and the trend is increasing. adesso works with 60 % of the insurers on the legal protection market. Eminently scalable, the solution provides great benefits to legal expenses insurers, and regular marketing activities and incentives for lawyers are ensuring an increase in the case figures. The potential for outsourcing communication to the internet remains high, especially in the automotive sector. With a total of around 190,000 claims from the legal expenses/automotive sector settled in 2013, the portal has experienced very good growth. A number of insurers are now beginning to promote the portal more intensively, so further increases are expected.

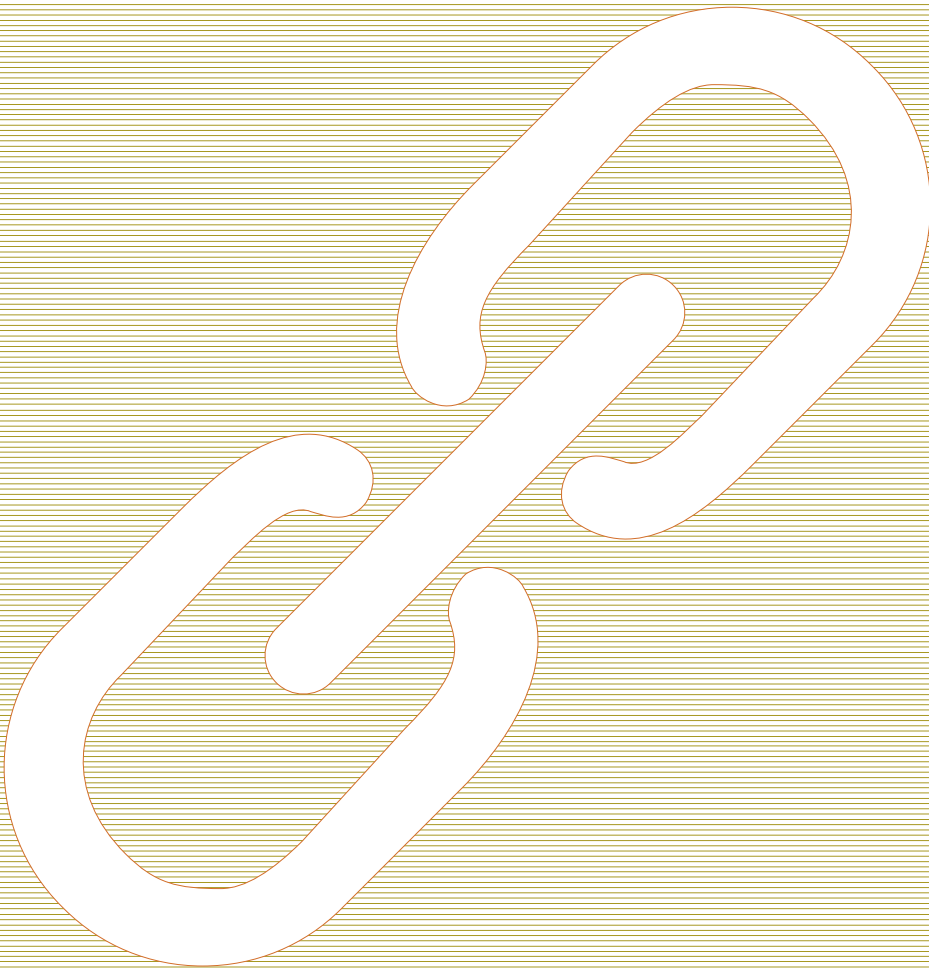


#### Benefits

With drebis, law firms have a direct, electronic connection to the legal expenses and car insurance sector. Enquiries concerning legal expenses coverage can be answered within two days thanks to the electronic exchange of data, while cost accounts for legal expenses are processed immediately. Documenting all the necessary data in a structured format eliminates the need for additional queries from the legal expenses insurer. Case handlers are relieved of purely administrative tasks, thus saving costs and time, and making processes much easier and faster.







→ “To comply with the new legal requirements governing lottery games on the internet, commercial gaming operators face an **interface** problem that can be solved in the long run only at considerable operating and maintenance expense. So a central service that relieves them of technical tasks and allows them to concentrate on their core business of selling games will be attractive for all gaming operators.”

An interface service of this kind already exists. **adesso has developed it.** →



With its launch of the in|BOUND solution for commercial gaming operators, adesso has responded to the new statutory requirements governing online gambling as well as to the regionalisation of gaming activities. The solution, which the commercial gaming providers in Germany can use to cater for all 16 state lotteries in compliance with the law and through just one central interface, has been available since the middle of 2013. The background to its development was the newly enacted regulatory requirement that orders for traditional lottery products such as 6 aus 49, Eurojackpot, Glückspirale and Keno have to be transmitted to the lottery in the state in which the player is resident. With 16 different gaming systems and three different producers, this entails considerable development, testing and integration effort for each gaming operator. in|BOUND makes the mediation process significantly easier by having just one technical interface. Various compensation models are available for using adesso in|BOUND, including transaction-based tariffs.



### in| FOCUS

adesso has already licensed its significantly more extensive in| FOCUS solution to several state lottery companies, as they can easily use it to expand their traditional sales channels. Like in| BOUND, in| FOCUS solves typical interface problems, but with the focus on the gaming operator that is looking for a direct channel to the customer. in| FOCUS from adesso is a system for the direct sale of lottery products on all online sales channels. In addition, the system performs important integration tasks, such as connecting external systems for processing dedicated functions, for example payment transactions, linking to the central lottery system, verification of identity, ERP integration and campaign support.



### Technical implementation

The technical implementation for the regionalisation of gaming in in| BOUND is organised as a web service that uses standardised formats to provide the necessary functions for allocating gaming activities. This intermediate layer is used to abstract from the specific technical connection to the central systems. The operation and the link to the state lottery companies are guaranteed by adesso, which also implements any changes to interfaces. In this process, the interface to the portal of the commercial gaming operators is left unchanged as far as possible.



### Customers

in|BOUND is an attractive solution for commercial gaming operators in Germany. The first customers have already signed up and other operators have expressed their interest since the solution was launched.



### Remuneration models

Commercial gaming operators can use the in|BOUND platform to transmit orders to the respective central systems of the lottery companies using a variety of remuneration models. These models take into consideration the business conditions of the individual customer. In addition to monthly flat rates based on usage, a complete transaction-based remuneration model enables a functional connection to the systems of the state lotteries without any start-up costs or risk for the company itself and without any major project expenditure. In return, adesso takes a share in each individual gaming order.



### Lottery expertise

adesso has been working for state lotteries for many years and has extensive knowledge of the gaming and central systems, operators, transmission protocols and technical interfaces. With in|BOUND, this expertise has been merged into an attractive solution. As a result, adesso has additionally developed further access to the industry segment of commercial gaming operators in the lottery segment.

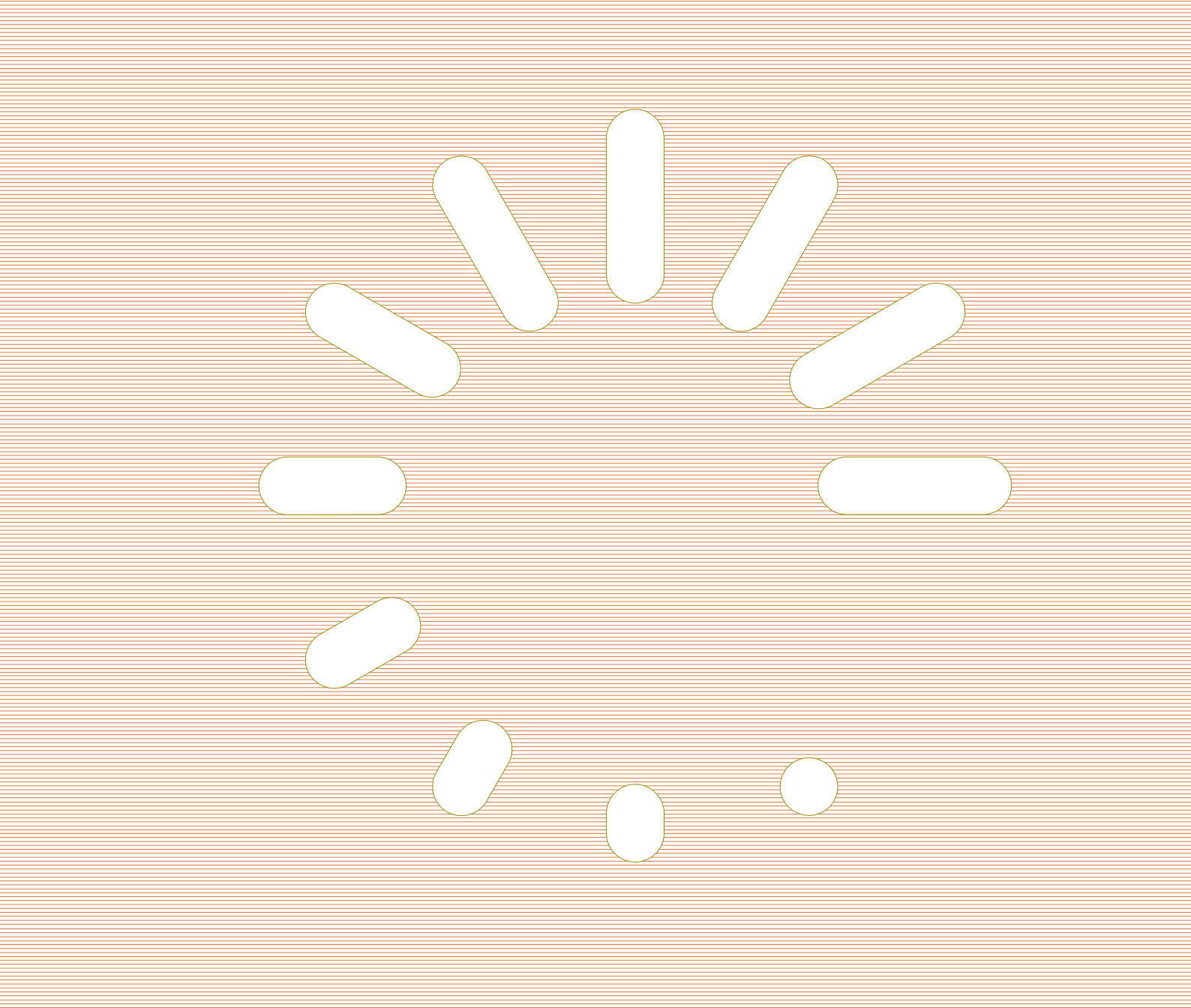
## IN|BOUND IN|FOCUS



### Market outlook

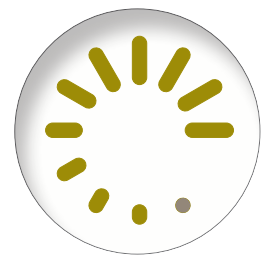
Playing the lottery on the Internet became legal again in Germany when the First State Treaty amending the State Treaty regarding Gambling (Erster Glücksspieländerungsstaatsvertrag – GlüÄndStV) was passed in mid-2012. Before the ban, game sales of around EUR 500 million a year were generated in this market by commercial gaming operators – who also claimed their commission. Thanks to the new regulatory requirements, the market is still currently in a process of development. At the moment, around 300,000 customers are registered with around 20 commercial gaming operators, and the trend is clearly on the rise. Thanks to adesso's renown in the lottery industry and the references from current in|BOUND users, adesso sees itself very well positioned in the market to benefit from the resurgence in internet lottery games.





→ “The classification and qualification of paper - based or electronic damage claims regularly generates a great deal of administrative work on the part of case handlers at insurance companies. The **categorisation** for the actual processing is based here in many cases on recurring patterns. If these patterns could be recognised electronically, the case handlers would have more time to actually process the case.”

adesso is developing this system of **automated initial processing of damage claims** and will take this work on in future for the customer as part of a business process outsourcing solution.



adesso has developed a new process for structuring and automatically evaluating damage claims, in which new notifications of claims are recorded electronically and assessed using self-learning software. The previous time-consuming manual process for sorting claims according to defined specifications and then forwarding them for further processing is gradually being replaced as a result. The method can also be employed in other areas of the insurance business and other sectors and offers the basis for scalable business models, especially using case-based remuneration. Using text analysis based on valid statistical and heuristic data, the solution simplifies and shortens the process for assessing damage and, indirectly, the time it takes to settle a claim.



#### **New type of premium for IT services**

Heuristic claims management (HCM) is the first solution from adesso in the new field of business process outsourcing (BPO), an area that will be expanded with other solutions and that represents a new channel for the configuration of IT services in the premium segment. Based on its own experience in the sector, adesso will thus assume part of the business risk of the customer, but in return benefit from long-term commitments with attractive margins. Each optimisation of the process that adesso is responsible for will produce an increase in the contribution margin, while the customer profits from low start-up costs as well as a reduction in their own administrative expenses.



#### **Customers**

DEVK is the first company that adesso has attracted for the heuristic claims management (HCM) service. Based on a three-year contract with an order value of around EUR 1.5 million, all new notifications of claim at DEVK's legal expenses insurance division will be processed by adesso's solution and assessed using HCM from the middle of 2014. More than 100,000 claims are expected to be handled in the first year of deployment alone, while the newly developed solution offers attractive opportunities for a wider market. In particular, insurers that are licensed to use the drebis software are potential additional customers who could follow DEVK's example as forward-looking provider.





### Technology

Using text analysis based on valid statistical and heuristic data, the solution simplifies and shortens the process for assessing damage and, indirectly, the time it takes to settle a claim. The self-learning algorithms ensure that the recognition rates improve with each new case that is processed. The systems will initially be taught by insurance specialists, who will be recruited by adesso specifically for this task. adesso is the first provider in the German-speaking world to implement a project in electronic claims processing based on the HCM method.



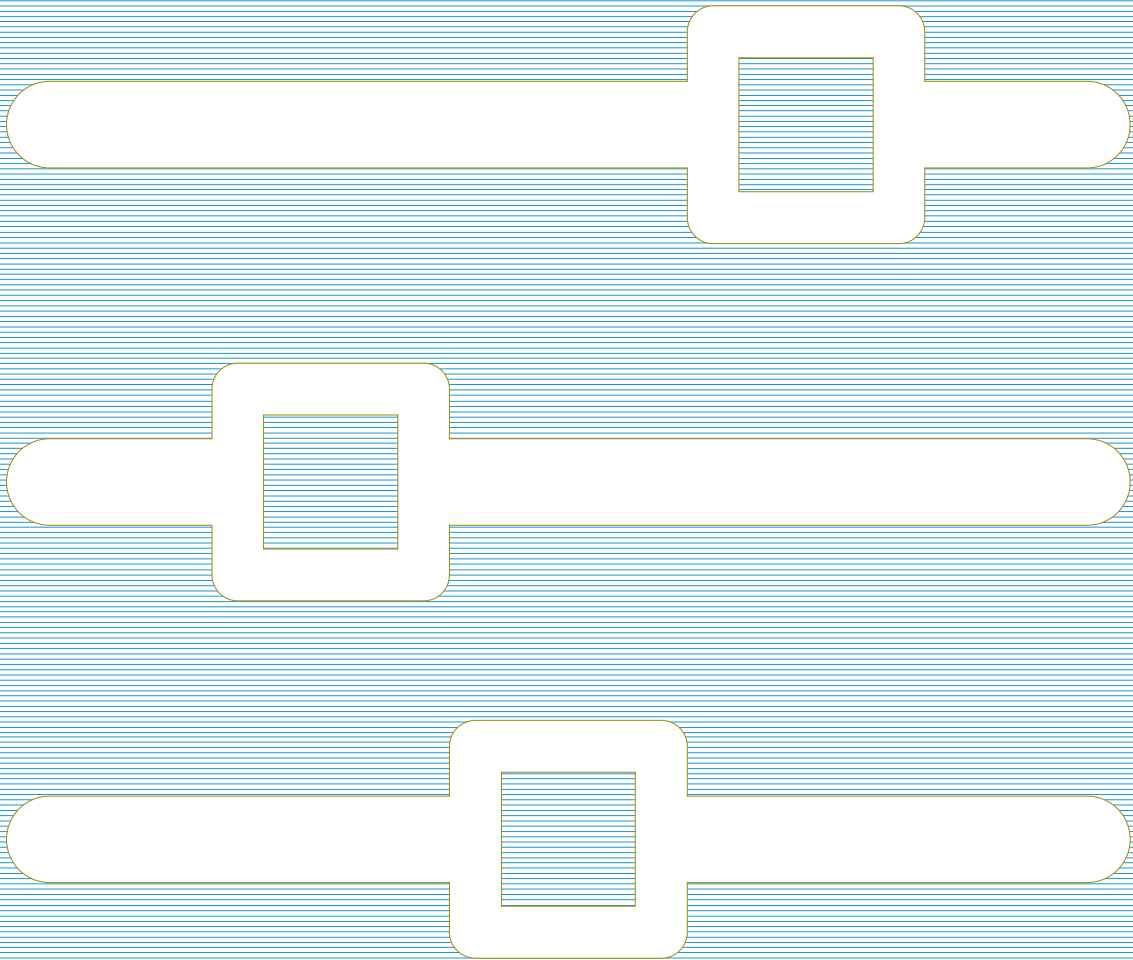
### Business Process Outsourcing

Thanks to its deep-rooted industry and specialist knowledge, adesso is increasingly able to expand its own value chain to the core tasks of its customers, with the result that adesso can take over an entire key technical process on behalf of the customer, for example creating case files for claims. This is an attractive solution for customers, as it means they are free to concentrate on their value added work. Based on its additional technical expertise, adesso is able to further optimise the processes it takes over for the customer, which will generate new growth and earnings potential for the company.

**HCM**

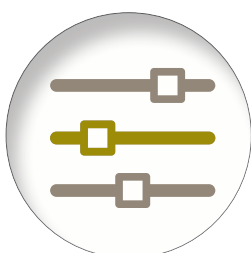
Heuristic Claims  
Management





→ “The few life insurance solutions on the market are too unwieldy when it comes to introducing new insurance products. Key actuarial parameters first have to be reconstructed within the solution at considerable technical expense. If the actuarial department of an insurance company could itself model new products within the context of the solution and transfer these into the technical environment without any intermediate steps, however, the insurance company would benefit from a valuable advantage in terms of time and flexibility.”

There is already a life insurance product on the market today that takes into account the requirements of both the specialist departments and the technology. adesso helped to develop it. →

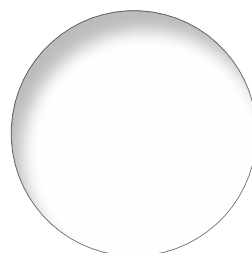


The PS|Life software solution is an innovative policy management and benefit system for life insurance in adesso's portfolio that can be used to quickly and cost-effectively model insurance products and that can also be integrated into existing systems. The solution is based entirely on freely available, proven Java frameworks and has been implemented consistently on the paradigm of model-driven development. The software is marketed as a total system or in system components and can be adapted, integrated or further developed to customer-specific requirements on request. The range of services within the environment of the solution extends from actuarial consultancy through agency services, system launch and integration and migration all the way up to hosting. —|



#### **New remuneration channels**

Requiring a great deal of time and effort, the development of complex software solutions is a challenging undertaking, especially when it involves developing a new universal system from scratch. This kind of development is less risky if the software company cooperates closely with the future customer as early as the development phase. adesso has taken an innovative path in the creation of the PS|Life solution, developing the solution with the life insurance customer Barmenia Lebensversicherung on a project basis, but taking product aspects into account from the very beginning and securing in the process the rights to the future distribution of the solution at the same time. adesso, has already been able to sell the solution along with accompanying services to two more customers, and Barmenia is using PS|Life at a preferential price.





### Customers

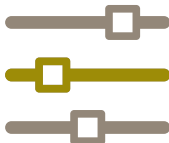
Since the solution went on sale, three of the over 90 German life insurance companies have already signed up as customers: Barmenia Versicherungen as well as Debeka and Prudentia Lebensversicherung-Aktiengesellschaft. Although the market for life insurance appears straightforward with comparatively few providers, project sales for the introduction, further development and maintenance of the software are also attractive for adesso in addition to the licence revenue.

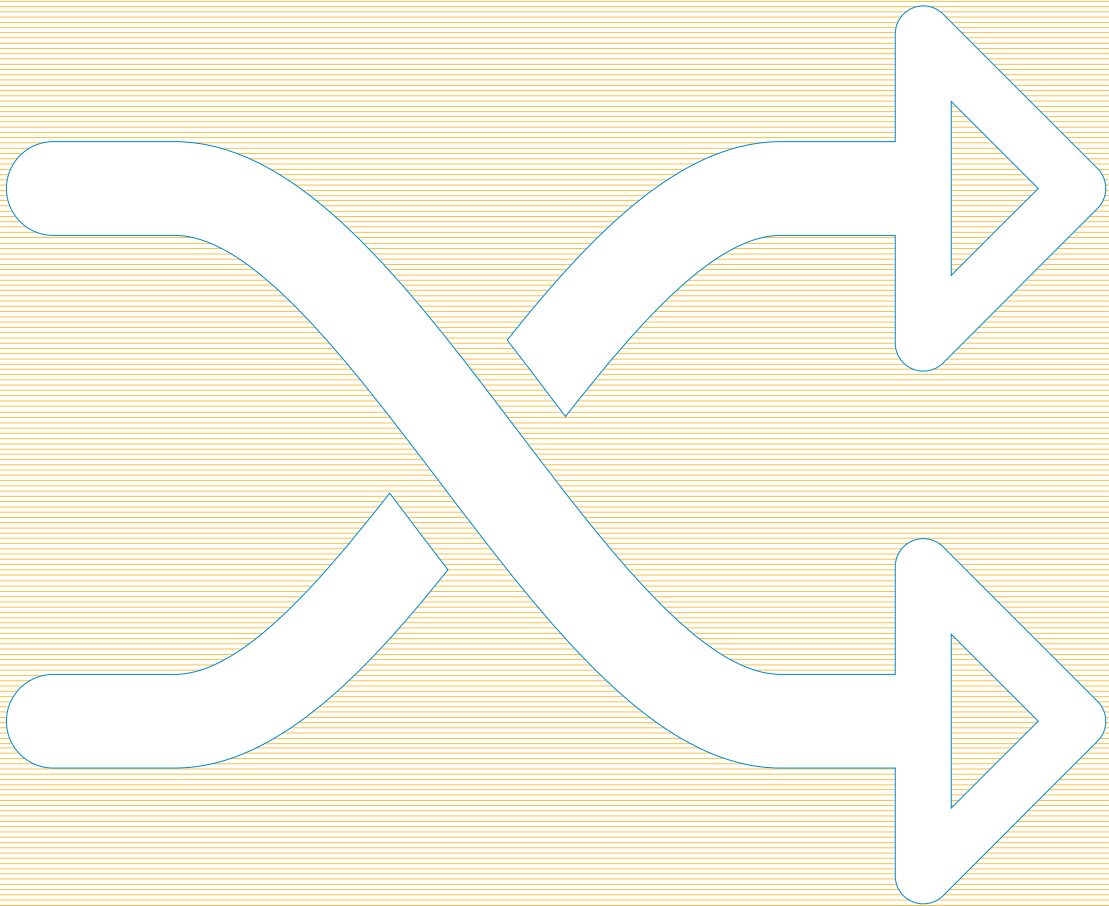


### Technology leadership

Even though adesso first began developing the PS|Life solution together with BELTIOS GmbH at the start of 2011, the system already demonstrates a high degree of maturity today. In 2013, the software was marked out as a technology leader when it won the "XCelent Technology Award 2013" in an international benchmarking study by the Celent research company, coming out on top ahead of 28 other market players. By awarding this prize, Celent has recognised the state-of-the-art and consistently applied technological approach of the PS|Life inventory control solution and its significant technical advantages over existing solutions in this field.

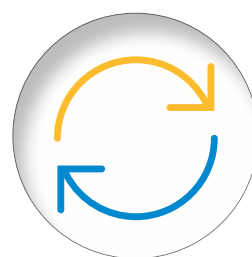
PS|LIFE





→ “To modernise or replace obsolete applications, lines of code have to be translated into a contemporary programming language and old databases have to be converted into an up-to-date format. The migration frequently involves manual work and therefore requires a lot of time and effort; it’s also prone to errors. If it were possible for these processes to be **automated on a standardised basis**, then a great deal of time and money would be saved on a project.”

**The automated migration of applications and data** is already possible using tried and trusted solutions today. adesso has developed it. →



Against the background of the increasing networking of applications and the provision of user-friendly services, the wish to transfer older software systems to a future-proof platform is frequently expressed.

However, a complete migration to a modern application system is an extremely complex process and, with one eye on the costs, cannot always be justified financially. With Transformer, adesso offers a solution that transfers old existing applications to a modern application system at little expense by automatically translating Cobol, PL / I and other programming languages of previous generations into modern Java code. adesso has another solution for the tamper-proof migration of databases, the adesso MIG|Suite, which enables old data-bases to be imported, analysed, prepared for integration in the analysing system and finally automatically transferred to the target format according to defined rules. Very old databases that are no longer required for operations, but must be kept available, for example for auditing purposes, are maintained in the MIG|Suite, where they no longer pose a burden for the new system. The takeover process is markedly simplified. Both solutions have already proved their worth in several projects, with the transformation time drastically reduced thanks to automated processing.



#### Financial significance

In many companies, IT systems that have been expanded over decades represent an investment. Replacing them with a completely new development purely for technological reasons is hard to justify in financial terms. In many IT modernisation projects, a large part of the IT budget is allotted to the migration of old databases. Thanks to their high efficiency, the new solutions offer in both cases significant potential for increasing the contribution margins of adesso commissions. What's more, the licence revenue creates extra added value.





### Remuneration models

The complexity involved in the modernisation of an application system can be evaluated among other things by the lines of code to be transformed. In the area of data transfer, the remuneration is generally calculated by the number of data sets that are successfully migrated. Every reduction in the time and human resources that would have been required in a conventional migration offers potential for an attractive remuneration for the use of the solution. adesso is thus able to score points in the competition for migration projects through lower prices, which nevertheless offer sufficient scope for a high contribution margin thanks to the extensive automation involved.

## ADESSO TRANSFORMER MIG | SUITE



### Customers

adesso Transformer has been marketed from Austria since the middle of 2013. The trailblazers using this new solution include ITSV GmbH, the IT services of the social security departments in Vienna and UNIQA Software Service, the IT subsidiary of the UNIQA Group, one of the leading insurance groups in Austria and Central and Eastern Europe. Also launched in 2013, the MIG | Suite solution has already proved its worth in a migration of inventory data at Barmenia Versicherungen.





# GROUP MANAGEMENT REPORT

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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, make growth rates possible 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 2013, the Executive Board set sales growth targets well above the market average of 7 % to 9 % of between EUR 129 million and EUR 131 million, operating profit, measured as EBITDA, of between EUR 7.5 million and EUR 8.0 million, and an increase in the EBITDA margin of between 5.8 % and 6.1 %. The sales and EBITDA targets were reached; the targeted margin was narrowly missed.

### Employees and Structure

Founded in 1997, adesso had a total of 1,221 employees (FTE) in Germany, Austria, Switzerland, England, Turkey, and the USA at the end of 2013. While adesso Group employs 115 staff outside of Germany, 768 employees are deployed in Germany and work for the parent 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.

In addition to adesso AG, the largest operating unit and majority-owned parent company, the Group also includes consolidated subsidiaries of subsidiaries and a joint venture company 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 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 again slowed slightly in 2013 for the third consecutive year. After GDP growth of 0.7 % in the previous year, 2013 only saw 0.4 % growth. Although the German economy was stable this year on average, the ongoing recession in some European countries and subdued global economic development still weighed on growth, especially in the 2012/2013 winter months. However, the German economy was robust during the year, supported mainly by the domestic economic activity and record employment levels. The Federal Ministry of Economic Affairs and Energy expects this upward trend to continue, based on sentiment indicators and the improving global economic outlook as well as decreasing uncertainty regarding the financial and debt crisis in the eurozone. The economy is

expected to recover significantly, as private consumption continues to be strong due to the stable labour market and exports are again rising slightly. The Federal Government forecasts a GDP increase of 1.8 % in 2014.

#### Industry-specific Conditions

According to investigations carried out by industry association BITKOM, the German IT products and services market expanded by 2.0 % to EUR 74.7 billion in 2013. Despite a further loss of momentum, the IT market developed significantly better than last year, growing by a factor of five compared to the economy as a whole. While the software segment lost some momentum, growing 4.9 % to EUR 18.1 billion, adesso's sales in its key IT Services segment gained traction with an increase of 2.4 %. The market volume of this segment now amounts to EUR 35.7 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. However, it should be noted that halting a project in Austria weighed on results, as did the partial goodwill impairment of its Austrian subsidiary.

#### Overall Statement on Business Performance by the Management

adesso Group was able to improve sales and operating earnings by 13 % and 16 % year on year respectively, achieving its 2013 targets in those key figures. The results within the Group varied. While business in Germany was very positive, especially at adesso AG, the Group did not reach its targets for the two already established subsidiaries in Austria and Switzerland as well as for further internationalisation. In the USA, adesso made valuable progress in 2013 in establishing partners, prominence and expanding its sales pipeline, investing EUR 1.0 million despite lower sales. The Group successfully restructured the Utilities business area in 2013 at a cost of EUR 0.6 million, and it has been integrated as a line of business within adesso AG. Earnings per share rose from EUR 0.12 to EUR 0.48, and the Executive Board has proposed to increase the dividend by 17 % to EUR 0.21 per share.

## Position

### Earnings Situation

#### Growth in Sales

In financial year 2013, adesso increased its sales from EUR 120.5 million to EUR 136.2 million, which amounted to sales growth of 13 %. Of this, 10 percentage points was organic growth and 3 percentage points was accounted for by subsequent effects from the majority takeover of Arithnea GmbH at the beginning of the second quarter of financial year 2012. With market growth of 2.4 %, adesso once again had higher organic growth than the market in 2013.

During the year, sales revenues continuously increased from the first to the third quarter to a new high of EUR 35.6 million. In the fourth quarter, sales revenues came in slightly below the third quarter due to value adjustments for a major project. Overall, sales in the second half of the year increased 9 % to EUR 5.6 million compared to the first half of the year, due to the higher number of potential working days, the continued increase in the number of employees as well as higher licence sales.

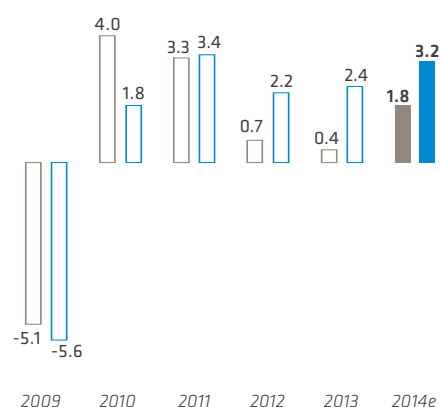
In the IT Services segment, the German adesso subsidiary increased sales significantly by 25 %, while the subsidiary in Austria reported stable sales revenues and the Swiss subsidiary reported a 9 % decline, largely due to massive budget cuts at one of its major clients. Sales in the “Expert Resourcing” area grew substantially at 7 %. The new business activities in Turkey in the area of Transformer and Smart Hosting & Cloud Services have also contributed to sales growth in the IT Services segment.

In the IT Solutions segment, Content Solutions managed to slightly increase licence and maintenance sales for in-house high-end content management system FirstSpirit, while investments in internationalisation did not result in notable sales. Mobile Solutions once again significantly increased its sales by 27 %. One of the fastest growing areas in IT is mobilising web content and business processes. In Germany, adesso is a leading provider in enterprise mobility with its own in|MOTION technology along with proven expertise in the development of mobile applications and integration of knowledge of core business processes of adesso customers.

GROWTH OF GDP COMPARED  
TO IT-SERVICES MARKET

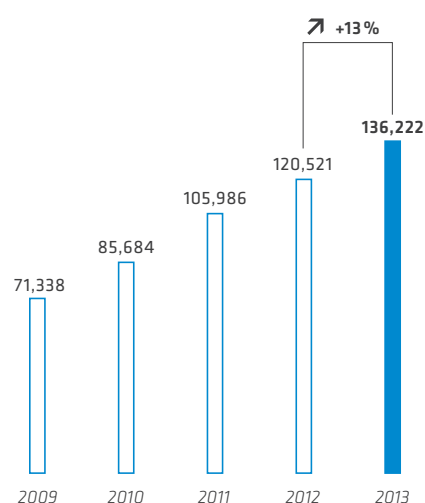
in %

■ BIP (real) ■ IT-services



GROWTH IN SALES

in EUR k



The IT Services segment reported an increase of 14 % and the IT Solutions segment a rise of 3 %.

Sales generated from many of adesso's top ten clients increased by millions. The share of sales generated from the top ten clients rose compared to overall sales. adesso was therefore able to improve its position as strategic IT partner with those clients.

Higher sales were generated in all established core industries, including insurance, banking, lottery and public administration. In healthcare, sales remained stable, while sales in the energy industry declined 34 %, partly due to restructuring. "Cross Industries" outside the core industries maintained the previous year's high level of sales. In insurance, adesso reported a particularly strong sales revenue increase of 30 %.

The export business declined due to negative developments in Switzerland. Product sales to other countries did not increase in 2013, despite increased activities in the USA. The proportion of export sales fell from 19 % to 17 %.

### Earnings

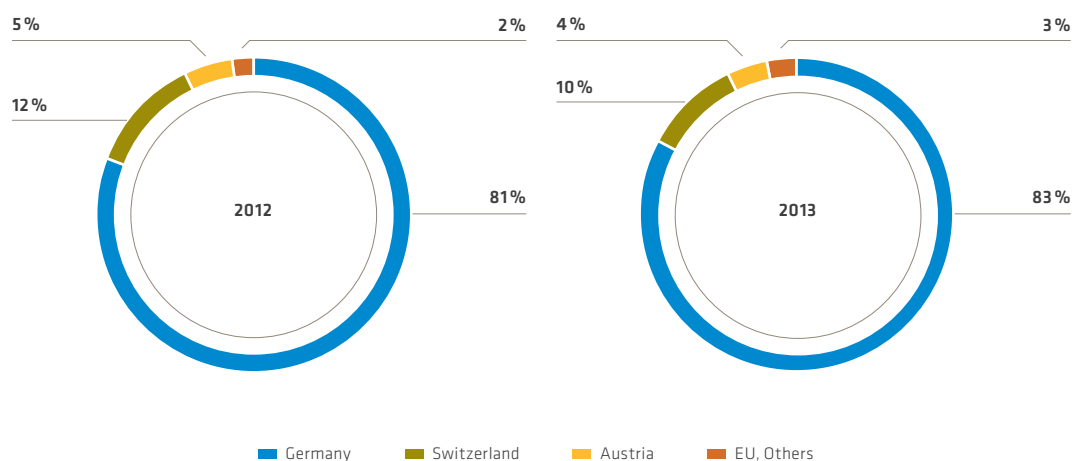
At sales growth of 13 %, the average number of employees (full-time equivalents, FTE) rose slightly above average by 15 % or 149 employees to 1,156 in 2013. Year on year, the material usage ratio declined 10.7 % (previous year: 11.4 %) and gross profit per employee fell slightly by 1 % to EUR 105 thousand (previous year: EUR 106 thousand). The slight decrease is largely because sales did not increase proportionally to the greater number of employees associated with internationalisation, as well as weak performance in Austria and Switzerland.

At EUR 2.1 million, other operating income fell by EUR 0.7 million year on year. The 2012 results included the release of a financial liability at EUR 878 thousand for the elimination of a conditional purchase price increase, which was related to exercising an option under a purchase contract for shares in evu.it GmbH.

Like last year, the 6 % increase in cost of materials to EUR 14.6 million (previous year: EUR 13.8 million), mainly for the involvement of subcontractors in

### SALES BY COUNTRY

in %



projects, was lower than the rise in sales. A higher proportion of sales was therefore generated with own employees. Gross profit (sales revenues less cost of materials) rose faster than sales by 14 % to EUR 121.6 million (previous year: EUR 106.8 million) as a result. Personnel costs also increased by 14 % to EUR 88.2 million. Average expenses per employee decreased slightly by 1 % to EUR 76 thousand. The decrease is due to structural changes and not because of reductions among existing employees. The year-on-year change in personnel costs therefore had a neutral effect on the operating margin.

Other operating expenses increased 8 % to EUR 27.7 million (previous year: EUR 25.8 million), mainly due to the greater number of employees. Additional office space was leased, and recruitment agency fees that once again increased were paid. Cost items such as travel expenses, vehicle and training costs tend to rise proportionally with each employee. Total other operating expenses increased less than sales and the number of employees, meaning these types of costs affected the margin positively.

Total operating earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 16 % or EUR 1.1 million to EUR 7.8 million (previous year: EUR 6.7 million) in 2013. As such, the targets for 2013 were met. The operating EBITDA margin came in at 5.7 % from 5.6 % previously.

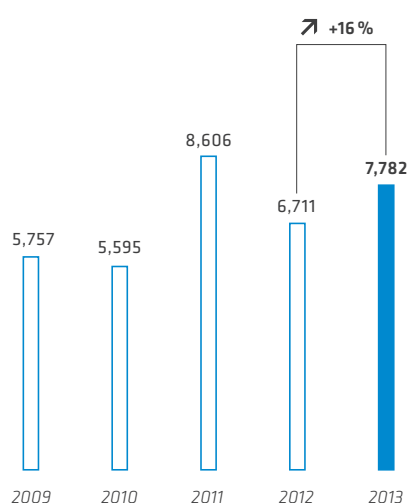
Income increased significantly in the second half of the year. After EBITDA of EUR 2.9 million and an EBITDA margin of 4.5 % in the first half of 2013, the results in the second half of the year increased to EUR 4.9 million and 6.9 %, respectively. The improvement is largely due to the success of the restructuring measures in the energy sector, more potential work days and higher licence sales.

Despite better results in Mobile Solutions, EBITDA in IT Solutions decreased by 57 %, or EUR 1.0 million, to EUR 0.8 million due to high investments in the internationalisation of Content Solutions.

Depreciation and amortisation fell by EUR 1.2 million to EUR 2.9 million in the reporting period.

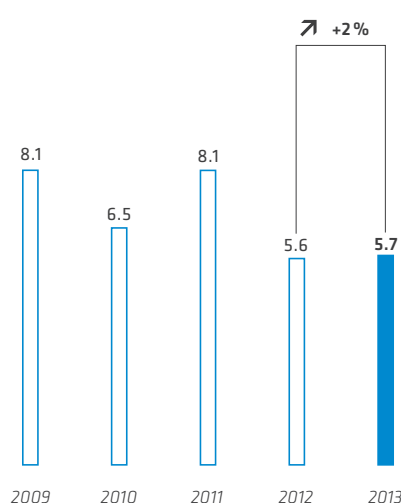
EBITDA DEVELOPMENT

in EUR k



EBITDA MARGIN

in %





This figure includes scheduled amortisation of intangible assets such as customer lists and order backlog from mergers in the amount of EUR 0.8 million (previous year: EUR 1.4 million). It also includes depreciation on property, plant and equipment, which increased slightly by EUR 0.1 million to EUR 1.3 million. Goodwill impairment losses of EUR 0.8 million on the business unit in Austria were also recognised in 2013. Impairment losses on intangible assets had been recognised in the amount of EUR 1.3 million related to the deconsolidation of dynamicutilities GmbH i.L. in the previous year.

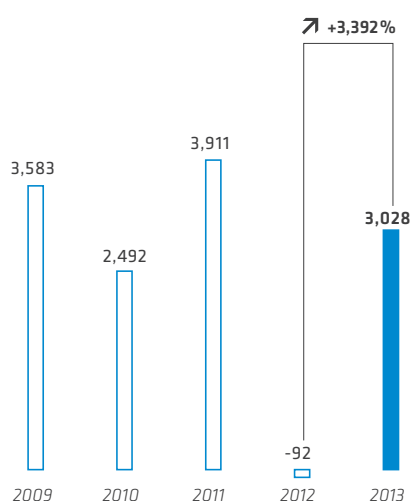
The financial result came to EUR -219 thousand compared to EUR 139 thousand in the previous year. Earnings before taxes (EBT) increased considerably by 91 % to EUR 4.6 million (previous year: EUR 2.4 million) due to higher operating earnings as well as lower depreciation and amortisation. Income tax expense was EUR 1.6 million (previous year: EUR 2.5 million). In the previous year, tax expenses had included a write-down of EUR 1.1 million on the usable deferred taxes on loss carry-forwards

for adesso AG. The effects described above resulted in positive consolidated earnings of EUR 3.0 million in 2013 compared to EUR -0.1 million in the previous year. The proportion of consolidated earnings allocated to minority interests increased from EUR -0.8 million in the previous year to EUR 0.2 million, due in particular to the elimination of the pro-rata allocation of losses of the Utilities business area in the previous year. As a result, the proportion of consolidated earnings allocated to adesso's shareholders rose by 301 % from EUR 0.7 million to EUR 2.8 million. Earnings per share amounted to EUR 0.48 compared to EUR 0.12 in the previous year.

The Supervisory Board and Executive Board of adesso AG will propose a dividend of EUR 0.21 per share, up 17 % or EUR 0.03 year on year, to the General Meeting.

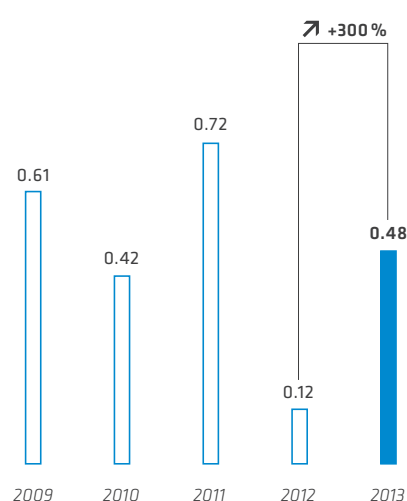
## CONSOLIDATED EARNINGS

in EUR k



## EARNINGS PER SHARE

in EUR



## CONSOLIDATED INCOME STATEMENT

<i>in EUR k</i>	2013	2012	2011	2010	2009
Sales revenues	136,222	120,521	105,986	85,864	71,338
Other operating income	2,137	2,857	1,703	1,350	2,135
Own work capitalized	0	290	910	0	0
<b>TOTAL INCOME</b>	<b>138,359</b>	<b>123,668</b>	<b>108,599</b>	<b>87,034</b>	<b>73,473</b>
Costs of material	-14,631	-13,767	-13,292	-9,422	-7,977
Personnel costs	-88,219	-77,426	-65,454	-54,604	-45,372
Other operating expenses	-27,727	-25,764	-21,247	-17,413	-14,367
<b>EBITDA</b>	<b>7,782</b>	<b>6,711</b>	<b>8,606</b>	<b>5,595</b>	<b>5,757</b>
Depreciation and amortisation	-2,937	-4,154	-3,454	-2,934	-2,760
<b>EBIT</b>	<b>4,845</b>	<b>2,557</b>	<b>5,152</b>	<b>2,661</b>	<b>2,997</b>
Income from financing and investment activities	-219	-139	-150	-203	293
<b>EBT</b>	<b>4,626</b>	<b>2,418</b>	<b>5,002</b>	<b>2,458</b>	<b>3,290</b>
Income taxes	-1,598	-2,510	-1,091	34	293
<b>Consolidated earnings</b>	<b>3,028</b>	<b>-92</b>	<b>3,911</b>	<b>2,492</b>	<b>3,583</b>
Gross income	121,591	106,754	93,695	76,262	63,361
Gross income margin (in %)	89	89	88	89	89
<b>EBITDA margin (in %)</b>	<b>5.7</b>	<b>5.6</b>	<b>8.1</b>	<b>6.5</b>	<b>8.1</b>
Growth in sales	13	14	24	20	7
Change in personnel costs	14	18	20	20	13
Change in other operating expenses	8	21	22	21	0

### 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. Little new business was added in Austria in 2013 because a major project dominated business. Following the project stoppage in that country, the order situation is challenging as of early 2014. In Switzerland, however, the company received several major orders at the start of 2014, indicating that the weaker capacity utilisation from 2013 has apparently been overcome. The order backlog on the reporting date is comparable to previous years. Business activities continue at the start of 2014 with the vast majority of the leading customers for 2013.

### Employees

The leading performance figures for employees developed as follows:

#### EMPLOYEE INDICATORS

	2013	2012	2011	2010	2009
Employees at year end	1,352	1,138	922	789	652
Full time equivalents (FTE) at year end	1,221	1,084	847	729	598
Full time equivalents (FTE), average for the year	1,156	1,007	784	683	573
Sales per Ø FTE (in EUR k)	118	120	135	126	125
Gross profit per Ø FTE (in EUR k)	105	106	118	112	111
Personnel costs per Ø FTE (in EUR k)	76	77	83	80	79

### 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 one to three months being the most common 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. Off-balance-sheet financing, such as leasing, is utilised only to a minor extent for company vehicles as well as office furnishings and equipment. Factoring or other methods of selling receivables are not used.

### Capital Structure

Financing is needed primarily for the receivables portfolio and services that have not been settled in the amount of EUR 29.2 million (previous year: EUR 29.3 million). Working capital (trade accounts receivable plus receivables PoC less trade accounts payable less liabilities PoC) was EUR 21.7 million as of 31 December 2013 (previous year: EUR 22.0 million). Advance financing of business operations therefore decreased slightly year on year, whereas sales rose by 13 %. However, there were no significant changes in customers' payment patterns or in receivables management. No additional loans for acquisitions were taken out in 2013. The portfolio of interest-bearing financial liabilities fell from EUR 7.7 million in the previous year to EUR 5.4 million on the reporting date. The remaining terms of the loans on the reporting date range from two months to three years and three months. 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. 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 16.4 million (previous year: EUR 13.7 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 2.0 million (previous year: EUR 2.0 million) largely consist of hardware such as laptops and servers as well as office furnishings. There are no significant subsequent obligations from property, plant and equipment

investment projects as of 31 December 2013, and no investment backlog to report. Several investments were realised in the reporting period.

The acquisition of 51 % of the shares in Arithnea GmbH, Neubiberg near Munich, in the previous year resulted in an additional payment of EUR 1.1 million in 2013 as part of the conditional purchase price payment (earn out). The purchase of additional shares was not one of the conditions.

adesso Transformer GmbH, a new adesso AG subsidiary, was founded in mid-2013 with the managing director who until then had been active at adesso Austria GmbH. adesso AG holds 51 % of the shares in the company. The former managing director of adesso Austria GmbH holds the remaining shares. adesso paid EUR 0.3 million of the capital. The aim of adesso Transformer GmbH is to address the market for the modernisation of old applications by way of highly automated and therefore inexpensive transformation. Investments in the development of the company's own transformers are necessary for this purpose. The company's registered office is in Vienna/Austria.

In mid-2013, adesso acquired the remaining 20 % of the shares in evu.it GmbH, which it had acquired in 2010, for a price of EUR 1. Following the acquisition of the remaining 20 % and the integration of evu.it GmbH's business activities into adesso AG as part of an asset deal, evu.it GmbH was renamed percision services GmbH. percision services GmbH is a full-service IT personnel resource provider and is being expanded within adesso Group to become a provider of shared services. Further details regarding the balance sheet impact are provided in the consolidated notes.

adesso Turkey Bilgi Teknolojileri Limited Serketi was founded as another fully owned subsidiary of adesso AG in mid-2013. The company is to be expanded to become a fully-fledged adesso subsidiary in order to tap the fast-growing Turkish market. The company is based in Istanbul/Turkey.

Comparatively high investments in office equipment are forecast for the third quarter of 2014 due to the planned move into the new Group headquarters in Dortmund.

### Liquidity

Cash and cash equivalents total EUR 21.8 million on the reporting date (previous year: EUR 21.4 million). They are partly offset by interest-bearing liabilities, mainly from several acquisition loans, in the amount of EUR 5.4 million (previous year: EUR 7.7 million). As a result, net liquidity (liquidity less interest-bearing liabilities) increased by EUR 2.7 million to EUR 16.4 million (previous year: EUR 13.7 million).

Cash flow from operating activities rose noticeably from EUR 0.4 million in the previous year to EUR 7.7 million. This increase is largely due the EUR 2.2-million increase in earnings before taxes as well as the release of EUR 2.1 million resulting from the change to net operating assets following the tying-up of EUR 5.2 million in the previous year. Cash flow from investment activities was EUR -1.2 million (previous year: EUR -2.6 million). In the previous year, the net cash effect from the acquisition of Arithnea GmbH led to an outflow from investment activities of EUR 1.5 million. Investments of EUR 1.3 million (previous year: EUR 1.5 million) in property, plant and equipment for the acquisition of new hardware and software as well as office furnishings and equipment decreased slightly. A reduced amount of EUR 0.1 million (previous year: EUR 0.4 million) was paid out for investments in intangible assets. Cash flow from financing activities was EUR -6.0 million (previous year: EUR 1.1 million). The positive financing contribution in the previous year was largely the result of taking out a new loan of EUR 5.0 million. In 2013, redemption payments on financial liabilities amounted to EUR 4.3 million (previous year: EUR 3.0 million), of which EUR 1.1 million was a subsequent purchase price payment to the sellers of Arithnea GmbH. Dividends of EUR 1.6 million (previous year: EUR 1.1 million) were paid out, of which EUR 1.0 million went to adesso AG's shareholders. Accordingly, cash and cash equivalents increased by EUR 0.4 million, compared to a decrease of EUR 1.1 million in the previous year.

As in the previous year, lines of credit with several banks of EUR 1.7 million could be utilised. There was no 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 2014. This is typical for the business. Overall, the liquidity of the adesso Group is adequate

## 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>
2009	17,340	-7	8,574	16
2010	17,021	-2	7,659	-11
2011	22,491	32	5,878	-23
2012	21,368	-5	10,359	76
2013	21,765	2	6,091	-41

## DEVELOPMENT OF LIQUIDITY

<i>in EUR k</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>Change 2013</i>
Liquid assets	21,765	21,368	22,491	397
(-) Interest-bearing liabilities	5,356	7,707	4,785	-2,352
(=) Net cash position	16,409	13,661	17,706	2,749
Net cash positions in relation to sales	12 %	11 %	17 %	+1 %-pp.
Liquid assets	21,765	21,368	22,491	397
(+) Trade accounts receivable and receivables PoC	29,166	29,306	22,718	-140
(-) Current liabilities	32,900	33,746	29,261	-845
(=) Net cash position 2	18,031	16,928	15,948	1,102

## FINANCIAL POSITION

<i>in EUR k</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Liquid assets	21,765	21,368	22,491	17,021	17,340
Interest-bearing liabilities	5,356	7,707	4,785	6,852	6,789
<b>Net cash position</b>	<b>16,409</b>	<b>13,661</b>	<b>17,631</b>	<b>10,169</b>	<b>10,551</b>
Cashflow from operating activities	7,680	373	10,188	4,209	2,311
Cashflow from investment activities	-1,232	-2,624	-1,876	-573	-5,254
Cashflow from financing activities	-6,007	1,103	-2,888	-4,034	1,579
Currency translation differences	-44	25	46	79	5
<b>Total change in liquid assets</b>	<b>397</b>	<b>-1,123</b>	<b>5,470</b>	<b>- 319</b>	<b>- 1,359</b>
<b>Income from financing</b>	<b>-219</b>	<b>-139</b>	<b>-150</b>	<b>- 203</b>	<b>293</b>

to carry on current business operations, for the planned redemption of liabilities and to compensate for ordinary fluctuations in capacity utilisation.

### Net Assets

#### Analysis of the Asset Structure

Total assets on the reporting date decreased year on year by 2 % or EUR 1.6 million to EUR 75.3 million. On the assets side, depreciation, amortisation and impairment losses accounted for a decrease in goodwill (down EUR 0.8 million) and intangible assets (down EUR 0.7 million) in particular. Current assets, at EUR 53.3 million (compared to EUR 52.7 million in the previous year), remained virtually unchanged in terms of their value and composition. On the liabilities side, financial liabilities in particular fell by EUR 4.3 million, whereas equity and other current liabilities rose by EUR 1.6 million and EUR 2.1 million respectively. Equity amounted to EUR 36.1 million compared to EUR 34.5 million in the previous year. The equity ratio rose to 47.9 % compared to 44.8 % 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 non-financial performance indicators for the internal control of the Group.

## SUBSEQUENT EVENTS

No further events of material importance to adesso AG occurred after the reporting date on 31 December 2013.

## 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. The sales generated abroad are to be increased in particular through further internationalisation of product sales at FirstSpirit and the adesso subsidiary that is being established in Turkey. The planned bundling of solutions for insurance products, adesso insurance solutions GmbH, should help adesso to position itself increasingly as a product partner in addition to its strong positioning as a sought-after IT service partner. Although adesso Group aims to maintain its high pace of growth and innovation, improving the operating EBITDA margin will become a more important component of the group's strategic focus in the next two years.

#### Future Macroeconomic Situation

For the third consecutive year, economic momentum in Germany declined to GDP growth of just 0.4 % in 2013. According to the Federal Government, Germany is in a sustained upward trend since the harsh winter of 2012/2013. All sentiment indicators point to the confidence of consumers and companies in a positive economic development. GDP growth is therefore expected to be a more robust 1.8 % in 2014. Growth was driven by domestic demand, supported by high levels of private and public spending. The stable labour market with its record employment levels form the basis for this development. Germany's exports are increasingly profiting from the continued improvement in economic conditions plus the gradual recovery in the eurozone. A return to stronger growth of 2.0 % is expected in 2015.

## MULTI-PERIOD VIEW OF ASSETS AND LIABILITIES

<i>in EUR k</i>	2013	2012	2011	2010	2009
Balance sheet total	75,340	76,940	69,850	62,320	58,883
Current assets	53,292	52,735	46,690	38,907	35,260
of which liquid assets	21,765	21,368	22,491	17,021	17,340
of which trade accounts receivable and receivables PoC	29,166	29,306	22,718	20,285	16,441
Non-current assets	22,048	24,205	23,160	23,413	23,623
Current liabilities	32,900	33,746	29,261	23,921	22,168
of which loans and other financial liabilities	2,567	4,482	2,236	2,173	2,976
of which trade accounts payable and liabilities PoC	7,448	7,284	8,205	5,771	5,956
Non-current liabilities	6,381	8,718	6,221	7,497	7,868
Equity	36,059	34,476	34,368	30,902	28,847

## FINANCIAL PERFORMANCE INDICATORS

	2013 target	2013 actual	target corridor
Growth in sales (organic)	7 to 9 % up EUR 129 to 131 million	13 % to EUR 136.2 million (EUR 132.8 million organic)	At least twice industry growth
EBITDA	EUR 7.5 to 8.0 million	EUR 7.8 million	-
EBITDA margin (indirect)	5.8 % to 6.1 %	5.7 %	9 % to 11 %

Based on information provided by an expert group commissioned by the Swiss government, the Swiss State Secretariat for Economic Affairs SECO is expecting growth to accelerate to 2.3 % in 2014 and to 2.7 % in 2015 following 1.9 % in 2013. 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 1.7 % in 2014 and between 1.7 and 2.0 % in 2015.

As a result, 2014 will once again offer a favourable macroeconomic climate for adesso, even though it still poses risks in view of current developments. The key assumption for the government's projections is that the financial sector will remain stable and that there will be no negative developments, particularly

in the eurozone, 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 2014 and 2015.

#### Future Industry Situation

According to industry association BITKOM, the IT market in Germany will continue to progress far more positively than the economy as a whole in 2014. With market volume of EUR 74.7 billion in 2013, the 2.8 % growth rate expected in 2014 is one percentage point above that of GDP as a whole. Within the IT sector, BITKOM forecasts 5.1 % growth in the software segment, while the IT Services segment, which is particularly relevant to adesso, is expected to grow



by an above-average 3.2 %. The industry association anticipates a further acceleration in growth in both adesso's relevant segments IT services and software. Internally, adesso is anticipating growth of 3.5 % in 2014 in relevant markets 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 3.5 % in relevant segments of the IT market as well as on internal calculations, adesso's management is expecting the following in 2014:

- > An increase in sales revenues of between 6 % and 9 % to between EUR 144 million and EUR 148 million (2013: EUR 136 million).
- > The operating result, EBITDA, is expected to amount to between EUR 8.5 million and EUR 9.0 million (2013: EUR 7.8 million) and therefore increase by between 9 % and 16 %.
- > The operating EBITDA margin is expected to rise to more than 6.0 % (2013: 5.7 %).

Within the year, the second half of the year is expected to see a higher contribution to earnings. This is because the second half of the year has 129 potential working days, which is 7 days or 6 % more than the first half of the year. Based on previous years, this makes an enormous difference. Moreover, experience has shown that license sales are higher in the second half of the year.

This growth, which is significantly above the industry average, is expected to predominantly originate from the IT Services business area. The expansion of the headcount by 18 % in the adesso subsidiary in Germany in 2013 also led to rising sales expectations. Switzerland is also expected to register growth. Initial projects are also expected in Turkey. In view of the sustained high demand for consultancy services and development for Enterprise Mobility, above-average growth is also expected in adesso mobile solutions.

The planned increase in the operating result is primarily based on the growth targets, the expected improvement in results in Austria and Switzerland as well as license sales in the USA. The full-year costs for the

expansion in Turkey as well as the development of own transformers for highly automated updating of host applications are likely to weigh on results.

For 2015, 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 2014 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 2014 will reflect actual developments.

## Opportunities and Risk Report

Risk management is a pivotal component of all decisions and business processes. In a wider context, adesso understands risks as the danger of not achieving financial and operating targets as planned and, in the strictest sense, as 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 inputted directly from financial accounting. Current figures are inputted directly from financial accounting. 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 our 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 was one case where a customer refused to accept delivery (previous year: several cases). One customer claimed back payments totalling several hundred thousand euros (previous year: several customers / several hundred thousand euros). Several projects presented for customer approval have not yet been formally accepted by the customer, which is normal business practice. The backlog of fixed-price projects that have yet to be invoiced in full rose year on year. Project risks are again anticipated to have increased, as there are claims involving several hundred thousand euros from legal disputes as well as one extensive, high-loss fixed-price project in Austria. The customer demanded the project be terminated and negotiations are currently underway to determine the value of the current development stage. The inventory value of the project was subsequently reduced by EUR 900 thousand and recognised as an expense in financial year 2013. Moreover, risks remain as to whether the remaining inventories can be achieved through negotiations. A customer in Austria has also threatened damage claims of up to EUR 1.29 million for allegedly high subsequent costs related to the software supplied as part of a project. The claims are not yet pending in the courts.

At adesso, an Excel-based project controlling and reporting system is used. 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, the actual time and expenses are compared with plan figures, the remaining expenses are calculated and compliance with the defined schedule is documented. Additional monthly or weekly assessments of work still to be completed are used to calculate the level of completion of the project underway. By comparing the level of completion and the remaining expenses, any potential budget deviations can be identified at an early stage. Projects that are likely to exceed the budget are given "overspend" status and are then added to the agenda of subsequent

Executive Board meetings. Aside from acknowledging the risk, the Executive Board meeting also discusses potential strategies to improve the situation by analysing the reasons for the overspending. However, the share of projects with fixed budgets in the form of service contracts in terms of overall adesso sales is low at under 20 %. 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 2013 and are now used routinely. Expenses arising from budget overspends for new fixed-price projects fell notably compared to the previous year.

#### Risks from a Shortfall in Planned Sales

In the event of a high gross margin and a large share of fixed costs, low sales can be directly reflected in adesso's results. Sales improved year on year in 2013, thereby clearly exceeding planned sales. General expectations in terms of economic development in 2014 are cautiously optimistic and foresee rising growth momentum. It is therefore easier to assess demand compared to the previous year. This risk factor is estimated to be less relevant than in 2013. In IT Services, capacity utilisation is expected to be average in 2014. 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. Given that 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. The plan deviation risk will fall slightly in IT Solutions in 2014 thanks to the sales pipelines established in the markets in which it operates as part of the internationalisation process.

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 periodically detailing 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. As a result of repayment of acquisition loans amounting to EUR 2.4 million, bank borrowing has fallen to EUR 4.6 million. These repayments must be made, even in the absence of business success. 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 show a rising trend compared to the previous year. 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) Körperschaftsteuergesetz (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 2013 annual report would increase by EUR 902 thousand without the utilisation of loss carry-forwards and, since the loss carry-forwards have been utilised, by a total of EUR 6,668 thousand. In the event that the 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 730 thousand (calculated as of 31 December 2013). In addition, the deferred tax assets on loss carry-forwards previously offset against deferred tax liabilities of EUR 4,809 thousand would have to be recognised as a liability, which would have substantial negative implications for adesso AG's asset, financial and profit situation.

evu.it GmbH's loss carry-forwards existing for trade tax and corporation tax purposes as of its acquisition (April 2010, under the name percision services GmbH as at 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 6-9 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. Tax expenses in percision services GmbH's 2013 annual report would increase by EUR 59 thousand without the utilisation of loss carry-forwards and, since the loss carry-forwards have been utilised, by a total of EUR 301 thousand.

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 are not always able to 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 2013. The risk of the lack of availability of experienced employees as well as the risk from high employee turnover and salaries increasing disproportionately to market prices, were assessed as being constant. As a result, personnel risk remains one of the group's 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 the sales activities in 2013. 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. In view of the expected increase in operations in the USA and Turkey, this risk is likely to increase, although it is currently still classed as other relevant risks.

#### Risks from the Customer Structure

As sales from individual customers or customer groups increase, so does the risk posed by such customer relationships from potential project terminations or normal project expiry. In 2013, the largest customer accounted for 8 % (previous year: 9 %) of total sales. A total of 40 % of overall sales were generated from adesso's 10 largest customers (previous year: 39 %). Risks from the customer structure have been falling due to adesso's growth, but have risen again above-average since the successful expansion of business with key customers in large account management, leading to another increase in the sales share of the top 10 customers. Due to approaching completion of a project at one of the top 10 customers, a EUR 5 million dip in sales is foreseeable. The risk is estimated to be higher than the previous year, but remains under other relevant risks at this level, as the share was up to 10 percentage points higher in the past. However, the abrupt loss of another of the group's 10 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 10 customers are listed by sales and each customer's share of overall sales is calculated. This avoids a 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 major share of sales is generated through service agreements and the charging of hours or days of

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

At adesso AG, the volumes and daily rates are recorded for all service agreements and analysed in terms of 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 of the orders thus recorded declined 2 % in 2013 from 2012, leading to a subsequent rise in the risk of realised average daily rates.

The realised daily rates are also periodically recorded at adesso AG at customer level and analysed by the Executive Board in terms of necessary adjustments. Any identified need for action will be implemented by sales wherever possible, which has the relevant elements in the 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 %, although it was not always able to achieve price increases with its main customers. 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

In 2012, adesso Group significantly increased its investment in the development of new products and solutions and therefore shifted the risk profile of its service-oriented business model more 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 investments in 2013 and ongoing investment in in-house products and solutions and has been re-assigned to the other relevant risk category.

#### 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 Take-over Act). adesso follows corresponding developments in case law, obtains assessments from experience solicitors and familiarises its entire workforce with the fulfilment of the legal obligations of a listed company. adesso follows corresponding developments in case law, obtains assessments from experience solicitors and familiarises its entire workforce with the fulfilment of the legal obligations of a listed company.

In September 2012, the Federal Financial Supervisory Authority (BaFin – Bundesanstalt für Finanzdienstleistungsaufsicht) began a review into the suspicion of the late publication of insider information contrary to Section 15 (1) Sentence 1 WpHG and filed charges on three counts relating to communication in 2011. According to the Ordnungswidrigkeitengesetz (OWiG – German Act on Regulatory Offences), a maximum penalty of up to EUR 1 million is possible. adesso has issued a full statement on the allegations and contradicted BaFin's version of events through its legal representative. To date there has been no response from BaFin.

#### Overall Statement Concerning the Group's Risk Situation

The overall risk profile of adesso is practically unchanged year-on-year. The evaluated risk fact increased 13 points to 506 points. The introduction of the risk factor "daily rate risk" (price risk), has led to an additional 15 points to the risk factor, meaning that based on the previously considered risks, a slight decline of 2 points or less than 1 % was registered. Risks from business activities in other legal systems, liquidity risks from large projects and general projects risks are rated higher. Risks from negative budget deviations, from the development of new products and solutions and from the utilisation of loss carry-

forwards are estimated to be lower. 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 2014, there will be a wide range of further opportunities to expand business activities and increase profits. adesso's drebis platform was expanded to include vehicle damage claims in the automotive sector. Marketing activities for the PSLife system in the life insurance industry will be stepped up in 2014. In 2014, adesso's portfolio will be expanded to include Business Process Outsourcing (BPO). Unlike the rest of the business model, software will not be developed for customers in order to support their business processes. Instead adesso will develop the software for itself, employ people for processing, thereby carrying out a part of the customer's business processes. This is only possible for IT service providers with extensive sector expertise and requires a certain company size and reputation. All this poses market entry barriers to adesso's potential competitors. The use of internally developed and constantly optimised software for several customers means adesso can generate increasingly higher margins from Business Process Outsourcing. The foundation for this business will be laid in 2014 with Heuristic Claims Management, where adesso will assume part of the claims management processes of a legal protection insurer and develop self-learning software with integrated image recognition functions. The restructuring of the energy industry has potential to increase profits in comparison with the previous year.

The intensification of product internationalisation strategies in the UK and the USA over the course of



2013 will lead to additional business prospects in subsequent years in terms of sales and in terms of profits. adesso also projects an increase in sales in Turkey.

## INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM IN TERMS OF 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 operative 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 statement 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 accounts system, minimising the number of discrepancies from the standard style of accounts. The detailed coverage of group accounts means that it is simple to coordinate internal group performance processes. The respective management teams are responsible for individual financial statements. Each financial statement that forms part of the consolidated financial statement is reviewed by the group auditor in terms of its plausibility and compliance with group standards, irrespective of any audits performed by the local auditor or tax consultant. For this purpose, the auditor of the consolidated financial statement 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 31.12.13, 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 2013, founding shareholder and Supervisory Board Chairman Prof. Dr. Volker Gruhn held 29.8 % 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 18.9 % of share capital as of 31 December 2013. As of his 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 as well as the shareholder structure derived as a result are always kept up to date in the Investor Relations section of the website at [www.adesso-group.de](http://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 shareholders in the event of a change of control. Moreover, there are no agreements with members of the Executive Board or the Supervisory Board or any employees concerning compensation in the event of a change of control.

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

In accordance with Section 3.10 of the German Corporate Governance Code, the Executive Board and Supervisory Board of adesso AG report on an annual basis regarding the corporate governance of the company and publish this report in conjunction with the Declaration of Conformity in accordance with Section 289a HGB. The report and declaration including the compliance statement are available on the internet at [www.adesso-group.de](http://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, subject to an outstanding resolution of the Supervisory Board, by a model of virtual stock options for the Executive Board. In accordance with Article 11 of the Articles of Association, the members of the Supervisory Board receive an annual salary plus expenses which consists of a fixed component of EUR 5 thousand (the Chairperson receives 1.5 times this amount) and a variable component of 0.0275 % of the company's balance sheet profit less 4 % of the paid-in contributions to the share capital. Further variable remuneration systems are in place at various levels of the corporate hierarchy. These are predominantly pegged to the volume of services invoiced to customers, profit contributions from business units or order intake in sales.

### Executive Board Remuneration

Basic remuneration is paid as a monthly salary and is performance related. Annual salary increases of 1 % p. a. are contractually established for Michael Kenfenheuer and Dr. Rüdiger Striemer. Negotiations for salary adjustments are conducted when inflation exceeds 3 %. The salary increase for Christoph Junge is 3 % p. a., and does not apply in the years when the Executive Board of adesso AG passes a resolution to suspend general salary increases for employees. 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 bonus depends exclusively on the profit generated by adesso in the respective year. Here, profit is defined as net income for the year before income taxes and amortisation of goodwill for the 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 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. In combination with variable remuneration for the respective year, profit sharing is not permitted to exceed one-fifth of the total profit for adesso.

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 having a medium to long-term component of Executive Board remuneration. The variable remuneration component 2 is calculated as the average of the variable remuneration component 1 for the year under review and the second-lowest for 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.

Performance-based variable remuneration is paid out in the following year. The table below shows the short-term remuneration of the Executive Board for 2013:

In the course of negotiating the Executive Board contracts in effect from 1 January 2012, board members Michael Kenfenheuer and Dr. Rüdiger Striemer were granted a one-time amount of EUR 25 thousand each in 2011, which is to be paid out in 2012.

<i>in EUR k</i>	<i>Basic remuneration</i>	<i>Performance based compensation / profit sharing</i>	<i>Performance based compensation / variable</i>	<i>Payments in kind and other compensation</i>	<i>Other payments</i>	<i>Total</i>
Christoph Junge	175	47	1	17	0	240
Michael Kenfenheuer	202	50	1	31	10	294
Dr. Rüdiger Striemer*	202	50	1	14	10	277
<b>TOTAL</b>	<b>579</b>	<b>147</b>	<b>3</b>	<b>62</b>	<b>20</b>	<b>811</b>

#### INFORMATION FOR THE PREVIOUS YEAR

<i>in EUR k</i>	<i>Basic remuneration</i>	<i>Performance based compensation / profit sharing</i>	<i>Performance based compensation / variable</i>	<i>Payments in kind and other compensation</i>	<i>Other payments</i>	<i>Total</i>
Christoph Junge	170	43	42	16	0	271
Michael Kenfenheuer	200	50	42	20	10	322
Dr. Rüdiger Striemer*	200	50	42	15	10	317
<b>TOTAL</b>	<b>570</b>	<b>143</b>	<b>126</b>	<b>51</b>	<b>20</b>	<b>910</b>

\* Dr. Rüdiger Striemer receives a lump-sum reimbursement of expenses in the amount of EUR 6 thousand instead of a company car, and a 1st class BahnCard 100 (EUR 7 thousand).

	<i>Number of phantom shares</i>	<i>Change 2013</i>	<i>Expense 2013 for repurchase value</i>	<i>Expense 2013 for virtual dividend</i>	<i>Repurchase value</i>
Michael Kenfenheuer	57,145	0	EUR 108,600	EUR 10,286	EUR 262,900
Dr. Rüdiger Striemer	57,145	0	EUR 94,200	EUR 10,286	EUR 202,200
<b>TOTAL</b>	<b>114,290</b>	<b>0</b>	<b>EUR 202,800</b>	<b>EUR 20,572</b>	<b>EUR 465,100</b>

#### INFORMATION FOR THE PREVIOUS YEAR

	<i>Number of phantom shares</i>	<i>Change 2012</i>	<i>Expense 2012 for repurchase value</i>	<i>Expense 2012 for virtual dividend</i>	<i>Repurchase value</i>
Michael Kenfenheuer	57,145	0	EUR 45,000	EUR 10,286	EUR 108,000
Dr. Rüdiger Striemer	57,145	0	EUR 44,000	EUR 10,286	EUR 154,300
<b>TOTAL</b>	<b>114,290</b>	<b>0</b>	<b>EUR 89,000</b>	<b>EUR 20,572</b>	<b>EUR 262,300</b>

#### 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. 57,145 phantom shares were granted to board member Michael Kenfenheuer on 1 September 2010. 57,145 phantom shares were granted to board member Dr. Rüdiger Striemer on 1 September 2009. In 2013, the two board members Michael Kenfenheuer and Dr. Rüdiger Striemer obtained additional rights from these phantom shares. A provision of EUR 203 thousand (previous year: EUR 89 thousand) was established through profit or loss in the reporting period for the repurchase value of the phantom shares held by the board members, and reported as a long-term incentive component.

In case a board member leaves the Executive Board, the following has been established in regards to the phantom share programme: If a board member leaves before the end of three years from the start of the

programme 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 the shareholders Rainer Rudolf and Prof. Dr. Volker Gruhn (or companies through which they hold their shares) hold less than 35 % of the company's total capital through the sum of their shares. If a board member leaves after the end of at least three years, due to termination of 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 the end of at least eight years, the shares have to be returned in exchange for compensation.

The stock option programme of adesso AG duly expired on 31 December 2013. In view of the granted stock options, the Executive Board, subject to approval by the Supervisory Board, will receive virtual stock options for the financial year 2013 in 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 subscribing the virtual stock options. Michael Kenfenheuer exercised stock options in 2013. Michael Kenfenheuer acquired 4,000 shares from the conversion. The members of the Executive Board received 2,020 new stock options each for financial year 2013.

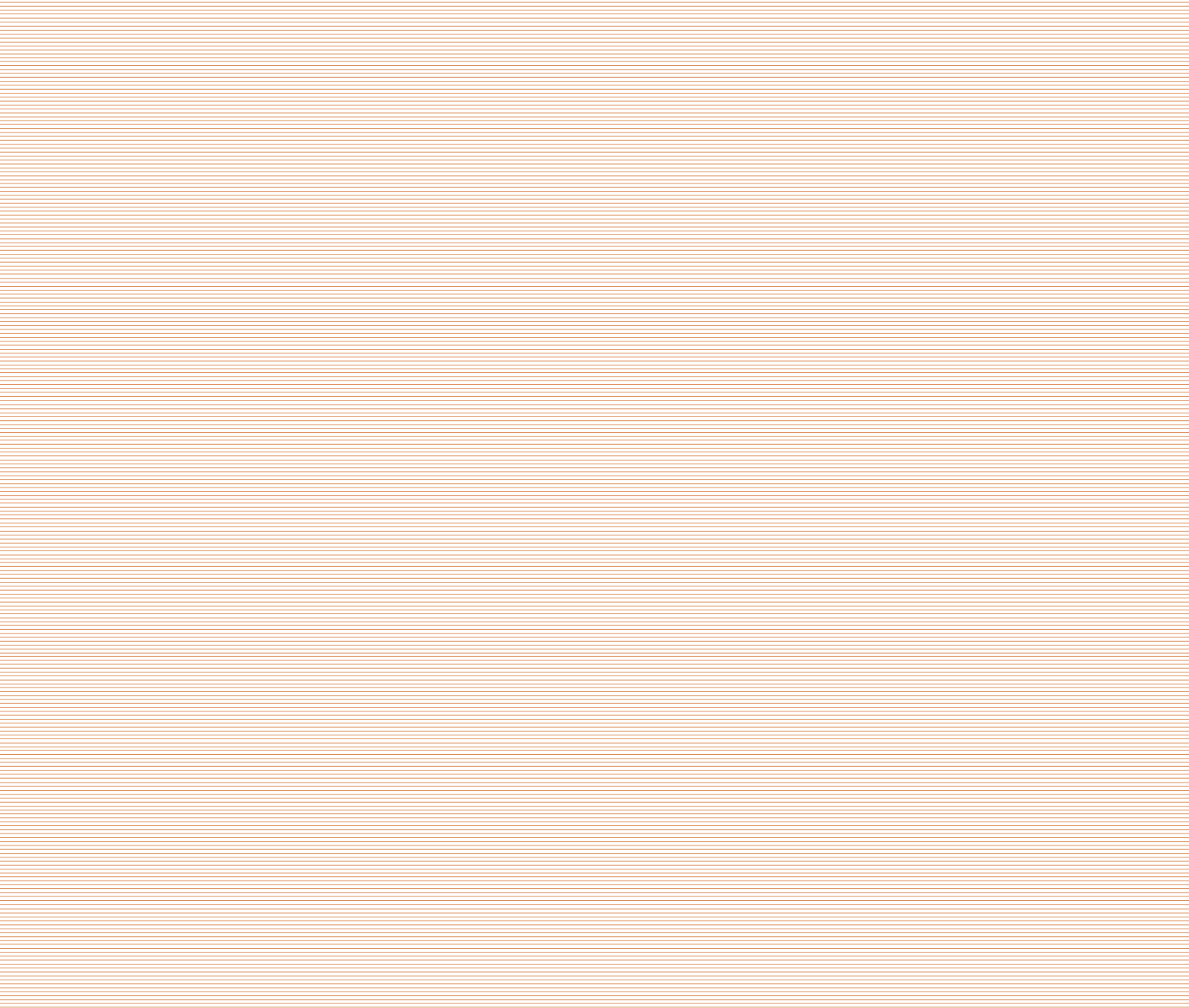
In the 2013 calendar year, remuneration for all Executive Board members of adesso AG appointed in this period totalled EUR 811 thousand (previous year: EUR 960 thousand) plus “dividends” under the phantom share programme at EUR 21 thousand (previous year: EUR 21 thousand). Former members of the Executive 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 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.

Total remuneration in the 2013 calendar year for all members of the adesso AG Supervisory Board appointed in this period was EUR 28.0 thousand (previous year: EUR 17.5 thousand) for Supervisory Board activities. Commissions, fees and the reimbursement of expenses totalled EUR 241 thousand (previous year: EUR 281 thousand). Former members of the Supervisory Board do not receive any remuneration, nor were any pension commitments made.

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.





# CONSOLIDATED FINANCIAL STATEMENT

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## CONSOLIDATED BALANCE SHEET

OF ADESSO GROUP AS OF 31 DECEMBER 2013 ACCORDING TO IFRS

### ASSETS

<i>in EUR k</i>	<i>Notes</i>	<i>2013</i>	<i>2012</i>
<b>CURRENT ASSETS</b>			
Cash on hand and at bank	1.	21,765	21,368
Trade accounts receivable	2.	24,992	25,275
Receivables PoC	3.	4,174	4,031
Receivables from income taxes	9.	682	923
Financial assets	4.	223	73
Other assets	5.	1,456	1,065
		<b>53,292</b>	<b>52,735</b>
<b>NON-CURRENT ASSETS</b>			
Goodwill	6.	13,191	13,970
Intangible assets	6.	921	1,666
Property, plant and equipment	7.	1,984	1,992
Financial assets	8.	377	451
Receivables from income taxes	9.	37	49
Deferred taxes	9.	5,538	5,756
Other assets	10.	0	321
		<b>22,048</b>	<b>24,205</b>
<b>TOTAL ASSETS</b>		<b>75,340</b>	<b>76,940</b>

## EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>Notes</i>	<i>2013</i>	<i>2012</i>
<b>CURRENT LIABILITIES</b>			
Financial liabilities	11.	2,567	4,482
Trade accounts payable	12.	5,654	5,136
Liabilities PoC	12.	1,794	2,148
Liabilities from income taxes	9.	540	1,661
Provisions	13.	3,049	3,090
Other current liabilities	14.	19,296	17,229
		<b>32,900</b>	<b>33,746</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	11.	3,524	5,877
Pensions and similar liabilities	15.	690	697
Provisions	13.	1,007	676
Other non-current liabilities	14.	283	383
Deferred tax liabilities	9.	877	1,085
		<b>6,381</b>	<b>8,718</b>
<b>EQUITY</b>			
	16.		
Subscribed capital		5,763	5,748
Capital reserve		10,406	11,457
Other retained earnings		15,279	15,587
Reserve for currency conversion		452	501
Consolidated earnings		3,028	-92
Minority interest		1,131	1,275
		<b>36,059</b>	<b>34,476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>75,340</b>	<b>76,940</b>

## CONSOLIDATED INCOME STATEMENT

OF ADESSO GROUP AS OF 31 DECEMBER 2013 ACCORDING TO IFRS

<i>in EUR k</i>	<i>Notes</i>	<i>2013</i>	<i>2012</i>
Sales revenues	18.	136,222	120,521
Other operating income	19.	2,137	2,857
Own work capitalized	6.	0	290
<b>TOTAL INCOME</b>		<b>138,359</b>	<b>123,668</b>
Costs of material	20.	-14,631	-13,767
Personnel costs	21.	-88,219	-77,426
Other operating expenses	22.	-27,727	-25,764
<b>EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)</b>		<b>7,782</b>	<b>6,711</b>
Depreciation on property, plant and equipment	23.	-2,158	-2,777
Extraordinary depreciation on property, plant and equipment	23.	0	-1,348
Amortisation of goodwill	23.	-779	-29
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>		<b>4,845</b>	<b>2,557</b>
Income from investments	24.	0	0
Interest income and similar income	24.	63	253
Interest expenses and similar expenses	24.	-282	-392
<b>INCOME FROM ORDINARY ACTIVITIES (EBT)</b>		<b>4,626</b>	<b>2,418</b>
Income taxes	25.	-1,598	-2,510
<b>CONSOLIDATED EARNINGS</b>		<b>3,028</b>	<b>-92</b>
of which attributable to minority interests		248	-785
of which attributable to shareholders of adesso AG		2,780	693
Number of shares at the end of the financial year		5,763,327	5,747,716
<b>DILUTED AND UNDILUTED EARNINGS PER SHARE (IN EUR)</b>	26.	<b>0.48</b>	<b>0.12</b>

## CONS. STATEMENT OF COMPREHENSIVE INCOME

AS OF 31 DECEMBER 2013 ACCORDING TO IFRS

<i>in EUR k</i>	<i>2013</i>	<i>2012</i>
Net profit	3,028	-92
<b>ITEMS NOT SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT</b>		
Actuarial gains and losses	12	-108
Deferred taxes on actuarial gains and losses	-4	34
<b>TOTAL</b>	<b>8</b>	<b>-74</b>
<b>ITEMS SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT</b>		
Measurement of financial instruments		
Changes not affecting income	-8	-9
Changes affecting income	11	24
Deferred taxes	2	-3
Currency translation differences	-49	-23
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-36</b>	<b>-86</b>
<b>TOTAL INCOME</b>	<b>2,992</b>	<b>-178</b>
of which attributable to shareholders of the parent company	2,743	614
of which attributable to other shareholders	249	-792

The Structure of the Consolidated Statement of Comprehensive Income has been modified due to changes in IAS 1 that were adopted and applied retrospectively, effective 01.01.2013.



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

## CONSOLIDATED CASH FLOW STATEMENT

OF ADESSO GROUP AS OF 31 DECEMBER 2013 ACCORDING TO IFRS

<i>in EUR k</i>	2013	2012*
<b>EARNINGS BEFORE TAX</b>	<b>4,626</b>	<b>2,418</b>
Income from financing and investment activities	219	139
Depreciation and amortization on property, plant and equipment and intangible assets	2,937	4,154
Expenses from the disposal of property, plant and equipment	0	-5
Non-cash income/expenses	4	-103
Change in pension provisions	-7	122
Change in other provisions	289	1,841
Tax payments	-2,455	-3,041
Change to net operating assets	2,067	-5,152
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>7,680</b>	<b>373</b>
Change in cash and cash equivalents from initial or deconsolidation	176	-776
Payments for investments in property, plant and equipment	-1,276	-1,479
Payments for investments in intangible assets	-132	-369
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-1,232</b>	<b>-2,624</b>
Dividend payments	-1,639	-1,115
Capital increase	91	32
New liabilities to banks	0	5,152
Repayment of financial liabilities	-4,344	-2,986
Interest paid	-152	-162
Interest received	37	182
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-6,007</b>	<b>1,103</b>
Currency differences	-44	25
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>397</b>	<b>-1,123</b>
Cash and cash equivalents at the beginning of the period	21,368	22,491
Cash and cash equivalents at the end of the period	21,765	21,368

\* modified

## CONSOLIDATED SHAREHOLDERS EQUITY STATEMENT

AS OF 31 DECEMBER 2013

<i>in EUR k</i>	<i>Share capital</i>	<i>Capital reserves</i>
<b>01 JANUARY 2012</b>	<b>5,742</b>	<b>11,398</b>
Share-based compensation	0	33
Increase in share capital by exercises of stock options	6	26
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
<b>31 DECEMBER 2012</b>	<b>5,748</b>	<b>11,457</b>
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
<b>31 DECEMBER 2013</b>	<b>5,763</b>	<b>10,406</b>

\* Dividend payment of EUR 1.035 thousand corresponds to EUR 0.18 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
	524	-17	16,694	34,341	27	34,368
	0	0	0	33	0	33
	0	0	0	32	0	32
	0	0	0	0	1,336	1,336
	-23	11	-67	-79	-7	-86
	0	0	693	693	-785	-92
	-23	11	626	614	-792	-178
	0	0	-1,034	-1,034	-81	-1,115
	501	-6	16,286	33,986	490	34,476
	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	2,780	2,780	248	3,028
	-49	5	2,787	2,743	249	2,992
	0	0	-1,035	-1,035	-604	-1,639
	452	-1	18,060	34,680	1,379	36,059

# CONSOLIDATED NOTES

FOR FINANCIAL YEAR 2013

## 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 24, 44269 Dortmund, Germany. The commercial register is likewise located in Dortmund (HRB 20663).

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 2013 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 2013 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 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. Deferred tax assets and liabilities are not permitted to be reported as current in the IFRS balance sheet regardless of when they are expected to be realised. They are classified as non-current. The income statement is structured according to the total cost format. 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.

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](http://www.adesso-group.de).

The consolidated financial statements will likely be approved by the Supervisory Board on 20 March 2014 and released for publication by the Executive Board.

### Adjustment to the Previous Year's Figures

In the course of preparing the consolidated financial statements, adesso analysed the reporting of the merger with Arithnea GmbH. The analysis focused on how pre-existing relationships were taken into account when reporting the merger. The management has resolved to adjust the reporting retrospectively as it is of the opinion that the amended reporting provides more useful information. The effects of the adjustment are immaterial overall. The adjustment resulted in a EUR 337 thousand increase in goodwill as well as a EUR 337 thousand rise in minority interests. The adjustment had no impact on consolidated earnings, earnings per share or on earnings attributable to other shareholders.

Furthermore, the acquired assets and liabilities of Arithnea GmbH were not appropriately presented in the previous annual report.

The effects of this are explained in detail in the information on mergers in the previous year as well as in the information on the cash flow statement.

#### 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 2013. The first-time application of these regulations has no or only an immaterial effect on the financial statements of adesso.

- > In May 2013, the IASB approved amendments to IAS 36 “Disclosures on the Recoverable Amount of Non-financial Assets”. In addition to the correction of an editorial oversight by the IASB that stated that recoverable amounts must be reported for all cash-generating units to which a significant portion of goodwill or an intangible asset with an indeterminable useful life is allocated, additional disclosures will be required in the future as to fair value measurement in the course of impairment testing. The amendment has been adopted by the EU and must be applied as of 1 January 2014. adesso applies this amendment early.
- > In May 2012, the IASB approved amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 in the course of the annual improvement project, 2009 – 2011 cycle. These amendments mainly consist of smaller and editorial amendments of the standards in question. The amendments are applicable for financial years beginning on or after 1 January 2013.
- > In December 2011, the IASB approved new regulations for offsetting financial assets and liabilities (IAS 32) as well as the related disclosures (IFRS 7). The amendments to IAS 32 (Offsetting Financial Assets and Financial Liabilities) approved in December 2011 apply for the first time to financial years beginning on or after 1 January 2014. They contain detailed regulations for offsetting financial assets and liabilities. The amendments to IFRS 7 apply to financial years beginning on or after 1 January 2013. IFRS 7 calls for detailed information on financial assets and liabilities that were offset, or are part of a so-called “master netting arrangement”. These new regulations have no material impact on the financial statements of adesso.
- > IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) was approved in October 2011. This interpretation applies to financial years beginning on or after 1 January 2013, and contains regulations for the recognition of stripping costs as assets in the production phase of surface mining as well as regulations for the measurement of the asset at the time of recognition and subsequently.
- > In June 2011, the IASB approved amendments to IAS 1 (Presentation of Financial Statements). The amendments apply to financial years beginning on or after 1 July 2012. The new IAS 1 requires other comprehensive income (OCI) to be broken down into amounts that can be reclassified to the income statement in the future (recycling) and those that cannot be reclassified to the income statement.
- > In June 2011, the IASB approved amendments to IAS 19 (Employee Benefits) which apply to financial years beginning on or after 1 January 2013. Application of the so-called corridor method is no longer permitted in the future. According to the corridor method, gains and losses based on changes to actuarial assumptions (actuarial gains and losses) are not recognised immediately but only in subsequent periods. In the future, such gains and losses are to be recorded directly in other comprehensive income without affecting profit or loss. The latter method also exists according to IAS 19, which currently applies to and is used by adesso. Accordingly, the future expected return on plan assets is not determined on the basis of an estimated expected yield, but using the same interest rate applied for compounding the pension obligations. The basis for determining the interest rate does not change. Unvested past service costs must be directly expensed in full in the future. Currently, these amounts are distributed over the period until they become vested. Expanded

disclosure and explanation requirements were also introduced. Since adesso has not endowed any plan assets and already records actuarial gains and losses entirely in other comprehensive income, the amendments to IAS 19 do not have a material impact on the group's consolidated financial statements.

> In May of 2011, the IASB published IFRS 13 (Fair Value Measurement), which applies to financial years beginning on or after 1 January 2013. The new standard defines the term fair value and harmonises disclosure requirements for measurement at fair value. The application of the standard has no material impact on the financial statements of adesso. It is to be applied prospectively; comparable figures do not need to be reported in the year it is applied for the first time.

#### **Financial Reporting Standards that were Approved but not yet Applied**

The International Accounting Standards Board (IASB) has approved standards and interpretations with mandatory application for financial years beginning on or after 1 January 2014. The application of these IFRS presumes adoption by the EU, which is still pending in some cases. The following standards and interpretations are not applied early by adesso:

In January 2014, the IASB approved IFRS 14 "Regulatory Deferral Accounts". IFRS 14 is only to be applied by IFRS first-time adopters and includes provisions on the accounting of regulatory deferral accounts. This standard will have no impact on the financial statements of adesso.

In December 2013, the IASB amended IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38 in the course of the annual improvement project, 2010 – 2012 cycle. The following amendments were adopted in addition to editorial amendments: According to IFRS 8, disclosures are required as to the combination of reportable segments. According to IAS 24, related parties also include companies that render services that correspond to the services of members of key management personnel. The amendments are applicable for financial years beginning after 1 July 2014 and for business combinations as of 1 July 2014. They will have no material impact on the financial statements of adesso.

In December 2013, the IASB amended IFRS 1, IFRS 3, IFRS 13 and IAS 40 in the course of the annual improvement project, 2011 – 2013 cycle. The amendments are primarily editorial. The amendments are applicable for financial years beginning after 1 July 2014 and for business combinations as of 1 July 2014. They will have no material impact on the financial statements of adesso.

In November 2013, the IASB approved amendments to IAS 19. These relate to the recognition of employee contributions to defined benefit plans. These are recognised irrespective of whether the employee contributions are dependent on years of service or not. The provisions come into force for financial years beginning after 1 July 2014. They will have no material impact on the financial statements of adesso.

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. It will have no material 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). It has not yet been adopted by the EU. The interpretation applies to financial years beginning on or after 1 January 2014. The interpretation will have no material impact on the financial statements of adesso.

In October 2012, the IASB approved regulations for investment companies under the title “Investment Entities Amendments to IFRS 10, IFRS 12 and IAS 27”. These define the term “investment company” and the rules for exemption from the general consolidation obligation for subsidiaries. Accordingly, companies that are not consolidated must be measured at fair value through profit or loss by investment companies. Additional disclosures are also required. The regulations are applicable for financial years beginning on or after 1 January 2014. The amendments have not been adopted by the EU to date. These regulations will have no impact on the financial statements of adesso.

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, amended in 2011). 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.

In June 2012, the IASB approved amendments to IFRS 10, 11 and 12 under the title “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance”. These amendments are mainly intended for clarification and facilitation upon first-time adoption. The amendments are applicable for 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 is not expected to have a 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. The first-time application of IFRS 11 is expected to have an impact on the consolidated financial statements of adesso. PSLife GmbH is being included in the consolidated financial statements as of 31 December 2013 using proportional consolidation according to the accounting policy choice offered by IAS 31. According to IFRS 11, the shares in PSLife GmbH would have to be accounted for using the equity method. The net assets of PSLife GmbH as of 31 December 2013 are EUR 150 thousand.

IFRS 12 replaces the disclosure requirements of IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures) and IAS 31 (Interests in Joint Ventures).

Due to the new IFRS 10 standard, IAS 27 (Separate Financial Statements) now only contains regulations affecting the individual financial statements.

The new IAS 28 (Investments in Associates and Joint Ventures) contains regulations on accounting for shares in associated companies and joint ventures. Here, the equity method must be uniformly applied.

In November 2009, the IASB published IFRS 9 “Financial Instruments”. A number of amendments and supplements to this standard were subsequently approved, the most recent in November 2013. The current IAS 39 is to be replaced by IFRS 9 in three sub-projects (1. Classification and Measurement; 2. Impairment Methodology; 3. Hedge Accounting). According to IFRS 9, financial assets will in future either be measured at amortised cost or fair value, depending on how they are managed by the company. The regulations as to the accounting of financial liabilities were largely carried over from IAS 39 to IFRS 9 in October 2010. The obligation to adjust previous years’ figures when applying IFRS 9 for the first time was eliminated in December 2011. It has yet to be said when IFRS 9 must be applied for the first time. The second sub-project, impairment methodology, has not yet been completed. It has not yet been adopted by the EU. The examination of the effects of IFRS 9 on the financial statements of adesso has not yet been completed.

#### Acquisition of Minority Interests in 2013

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.

#### Information on Company Acquisitions in the Previous Year

The management of adesso analysed the reporting of the acquisition of Arithnea GmbH in 2012 in the course of preparing the consolidated financial statements. The adjustments made to the figures originally reported are stated in each case.

On 1 April 2012, adesso AG acquired 51 % of the shares in Arithnea GmbH, Neubiberg. Arithnea has established an excellent reputation over the last few years among a number of corporate groups in the fields of consulting as well as the implementation and maintenance of e-business applications. The company combines agency services such as design and user experience with the implementation of e-commerce platforms. The acquisition cost of EUR 4,201 thousand is comprised as follows:

<i>in EUR k</i>	<i>corrected</i>	<i>originally reported</i>
Cash payment	4,080	4,080
Conditional obligation	227	227
Subsidy	-106	-106
Elimination of pre-existing relationships	-	-687
<b>ACQUISITION COSTS</b>	<b>4,201</b>	<b>3,514</b>

The conditional purchase price payment depended on the EBIT of Arithnea GmbH for the financial year from 1 October 2011 to 30 September 2012. As of 1 April 2012, the conditional purchase price payment was valued at EUR 227 thousand. This was determined on the basis of operational planning by Arithnea. A value between EUR 150 thousand and EUR 350 thousand was considered possible as of 1 April 2012. Based on the extremely positive business development of Arithnea in 2012, the purchase price ultimately stood at EUR 1,113 thousand. The difference of EUR 886 thousand was recorded under other operating expenses through profit or loss.

A low-interest loan was taken out to finance the acquisition of Arithnea GmbH. This loan was measured at fair value. The benefit of the low interest rate is EUR 106 thousand. At the time of acquisition, adesso



had liabilities to Arithnea of EUR 724 thousand and receivables of EUR 37 thousand. When reporting the merger, the pre-existing relationship was treated as though adesso had settled the net liability to Arithnea in cash directly before the merger. Since the receivables and liabilities were recorded at fair value by adesso, no resulting income or expense has to be recognised. In the original report, the pre-existing relationship was taken into account by reducing the cost of merger by the amount of adesso's net liability to Arithnea and, pursuant to IFRS 3.12, Arithnea's receivable from adesso was not classed as an acquired asset. The management is of the opinion that the selected reporting provides more useful information.

The fair value of the receivables acquired was EUR 1,813 thousand. This amount also corresponds to the contractual cash flows and the fair value of the receivables. The minority interest at 49 % of the shares in Arithnea GmbH as of 1 April 2012 is valued at the pro-rata share of the net assets of Arithnea at that time measured according to IFRS 3. Ancillary acquisition costs totalled EUR 22 thousand. They are reported under "Other operating expenses" in the income statement.

Goodwill resulting from the merger mainly represents the synergy potential obtained with the acquisition of Arithnea GmbH as well as the possibility of developing long-term customer relationships in the fields of consulting and the implementation of e-commerce solutions. The employees of Arithnea GmbH are also accounted for under goodwill. According to IFRS, this amount cannot be capitalised as an asset.

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

<i>in EUR k</i>	<i>Arithnea GmbH (corrected)</i>	<i>Arithnea GmbH (originally reported)</i>
Goodwill	2,810	2,473
Customer lists	1,069	1,069
Order backlog	175	175
Other intangible assets	26	26
Property, plant and equipment	356	356
Receivables PoC	1,601	1,601
Receivables	1,813	1,813
Other current assets	387	387
Cash and cash equivalents	3,309	2,622
<b>TOTAL ASSETS</b>	<b>11,546</b>	<b>10,522</b>
Non-current liabilities	1,417	1,417
Tax liabilities	718	166
Current financial liabilities	2,456	2,456
Other current liabilities	749	630
Current provisions	166	837
Deferred tax liabilities	505	505
<b>TOTAL LIABILITIES</b>	<b>6,011</b>	<b>6,011</b>
Net assets	5,535	4,511
Thereof non-controlling interest (49 % of net assets less goodwill)	1,335	999
Thereof attributable to adesso AG	4,201	3,514
Consideration	4,201	3,514
Cash and cash equivalents received	3,309	2,622
Actual cash outflow for acquisition	770	1,458

Assuming that the pre-existing relations were settled directly before the merger, the acquired liquid assets being disclosed for the first time amount to EUR 3,309 thousand. Some current liabilities were also adjusted.

The revenues included in the adesso income statement as well as the profit or loss of Arithnea GmbH included in the adesso income statement are provided in the following table:

<i>in EUR k</i>	<i>Arithnea GmbH</i>
Sales revenues	10,771
Net profit for the period	182

If Arithnea GmbH had already been consolidated as of 1 January 2012, consolidated sales revenues would be EUR 123,928 thousand and net consolidated profit for the period would be EUR 151 thousand.

A conditional purchase price liability of EUR 0 thousand was reported as of 31 December 2012 from the acquisition of evu.it GmbH in 2010. This liability was released in 2013; it had no effect on adesso's profits.

#### Deconsolidation in the Previous Year

The subsidiary dynamicutilities GmbH i. L. acquired on 28 February 2011 filed for insolvency on 30 May 2012. The company was deconsolidated on that date. Insolvency proceedings were declined on 28 September 2012 due to a lack of assets. The table below lists the assets and liabilities eliminated from the consolidated financial statements as of 30 May 2012:

<i>in EUR k</i>	<i>dynamicutilities GmbH i. L.</i>
Goodwill	339
Other intangible assets	1
Property, plant and equipment	77
Receivables	41
Other current assets	38
<b>TOTAL ASSETS</b>	<b>496</b>
Non-current liabilities	98
Other current liabilities	154
Current provisions	244
<b>TOTAL LIABILITIES</b>	<b>496</b>
Net assets	0
Thereof attributable to adesso AG	0
Actual cash outflow for disinvestment	0

#### Basis of Consolidation

Besides the parent company adesso AG, Dortmund, all material subsidiaries were included in the consolidated financial statements as of 31 December 2013. A company controlled by adesso AG is a subsidiary of the same. IAS 27 defines control as the ability to determine the financial and business policies of a company in order to benefit from its activities. Control is refutably assumed when a company holds more than 50 % of the voting rights in another company, directly or indirectly through subsidiaries.

Potential voting rights that can currently be exercised must be taken into account in establishing control over a company.

The consolidated financial statements of adesso AG include 15 (previous year: 12) fully consolidated subsidiaries and one proportionately consolidated subsidiary. The changes in the basis of consolidation are due to the following circumstances:

- > Founding of adesso Turkey Bilgi Teknolojileri Limited Serketi. adesso will sell its entire portfolio of services in Turkey successively under the management of an internationally versed, local manager. The company has been consolidated since 1 July 2013.
- > First-time consolidation of percision Schweiz AG. percision Schweiz AG commenced business activities during the financial year 2013. The company is wholly owned by adesso AG. The placement and assignment of employees and specialised personnel in the area of computer science and telecommunications, as well as the rendering of consulting services and other services tailored to the Swiss market, round out adesso's portfolio in Switzerland. The company's registered office is in Zurich /Switzerland. The company has been consolidated since 1 April 2013.
- > First-time consolidation of adesso hosting services GmbH. The company was founded on 15 December 2012. adesso holds 51 % of shares in the company. With the new company's portfolio of individual and complex hosting and cloud services solutions, adesso will be in a position to optimally serve the entire software development value chain in the future. The company's registered office is in Dortmund in the Federal Republic of Germany. The company has been consolidated since 1 January 2013.
- > Founding of adesso Transformer GmbH. adesso holds 51 % of shares in the company. The company helps customers to modernise application systems by transcribing existing applications into common standard programming languages. The company has been consolidated since 1 July 2013.
- > Merger of percision GmbH with evu.it GmbH.

The subsidiaries were consolidated on the basis of annual financial statements as of 31 December 2013 prepared according to national law and adjusted for IFRS.

One subsidiary which is immaterial to the net assets, financial position and results of operations of the adesso Group was not consolidated.

adesso hold 50 % of the shares in the joint venture PSLife GmbH, which has been included in the consolidated financial statements since 1 March 2011. The interest in PSLife GmbH is included in the consolidated financial statements using proportional consolidation. The assets, liabilities, income and expenses of PSLife GmbH included in the adesso consolidated financial statements are shown in the following table:

<i>in EUR k</i>	2013	2012
Non-current assets	3	2
Current assets	520	448
Non-current liabilities	0	0
Current liabilities	448	378
Income	2,040	1,506
Expenses	2,037	1,482

adesso holds no shares in affiliated companies. The companies included in the consolidated financial statements of adesso AG are shown in the list of investments.

### Consolidation Method

Assets and liabilities as well as expenses and income of subsidiaries are included in the consolidated financial statements at 100 %. Insofar as minority interests hold an interest in a subsidiary, the equity allocated to them is reported as “Minority interests” in equity. In the consolidated financial statements according to IFRS, the consolidated companies are presented as though they were a single economic unit. All intragroup relationships between the consolidated companies therefore have to be eliminated. As part of the consolidation of investments in subsidiaries, participations in subsidiaries are offset against the pro-rata equity of the respective subsidiary. Obligations between the group companies 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.

Joint ventures are included in the adesso consolidated financial statements using proportional consolidation. This means that the assets and liabilities as well as income and expenses are included in the consolidated financial statements on a pro-rata basis according to the participation percentage. Debt consolidation, the elimination of unrealised profits and the consolidation of income and expenses are also proportional.

### Currency Conversion Principles

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. 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).

Equity for the companies with a functional currency other than the euro included in the consolidated financial Statements is converted at historical rates. All assets and liabilities are converted at the closing rate. Income and expenses included in the income statement as well as the annual profit are generally converted at the rate on the transaction date or, for simplification as far as permitted, the average exchange rate according to IAS 21.40. Translation differences are reported as a separate item under consolidated equity without affecting profit or loss. Currency conversion was performed using the exchange rates below:

#### EXCHANGE RATES IN RELATION TO THE EURO

in EUR k	Closing rate		Average rate	
	2013	2012	2013	2012
Swiss franc (CHF)	0.8146	0.8284	0.8123	0.8297
British pound (GBP)	1.1995	1.2253	1.177	1.2332
US-Dollar (USD)	0.7251	0.7579	0.7530	0.7783
Turkish lira (TRY)	0.3378	no information	0.3947	no information

## Accounting and Valuation Principles

### a) 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.

### b) Borrowing Costs

Borrowing costs are generally included as an expense in the 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.

### c) Goodwill

In case of a merger, goodwill is the positive difference between the cost for the merger and the pro-rata equity of the acquired company measured according to IFRS 3. adesso does not recognise goodwill attributable to minority interests when reporting mergers. 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. An impairment test for goodwill has to be performed on this basis at least once a year. Goodwill also has to be tested for impairment when there are indications of a decrease in value. For the purpose of the impairment test, the carrying amount of the cash-generating unit including the carrying amount of goodwill is compared to the realisable amount of the cash-generating unit. The latter is the higher of the value in use and the fair value less the disposal costs for the cash-generating unit. Should the carrying amount be higher than the realisable value, 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. The subsequent addition of goodwill is not allowed.

### d) 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.

An impairment test is carried out for intangible assets under development and those with an indefinite useful life at least once a year. Here, an impairment test is also performed when there are indications of a decrease in value.

An analysis is performed on each balance sheet date to determine whether there are indications that an intangible asset with a definite useful life or an item of property, plant and equipment has been impaired.

If this is the case, the intangible assets or item of property, plant and equipment is tested for impairment.

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 are written off over 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 13 years.

Depreciation and amortisation is reported in the income statement under “Depreciation and amortisation”

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

#### e) 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 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.

#### f) 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 “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. Impairments are initially recorded in the form of specific provisions. Furthermore, impairments are recorded in the form of flat-rate specific provisions. Here, the loans and receivables are divided into groups with a similar risk of default and flat-rate specific provisions are applied to these groups.

“Available for sale”: This category includes assets that are not assigned to any other category. Financial assets generally assigned to the categories “financial assets held to maturity” or “loans and receivables” may also be designated as “available for sale”. Financial assets in the category “available for sale” must be measured at fair value on each reporting date. Changes in value are not reported on the income statement but directly in other comprehensive income. The amount included in other comprehensive income flows to the income statement in case of an impairment or when the financial asset is sold. If the fair value of an asset classified as “available for sale” cannot be reliably determined, it must be valued at cost.

**g) Hedging Relationships**

adesso has classified a hedging relationship as a cash flow hedge. The hedging instrument is an interest rate swap, the underlying transaction a liability bearing variable interest. The risk of the variable interest payments is hedged. The variable-interest liability is valued at amortised cost. The interest rate swap is measured at fair value. Changes in the fair value of the interest rate swap are recorded in other comprehensive income. When the underlying transaction is realised, the profit contributions recorded in other comprehensive income are reclassified to the income statement.

**h) Other Assets and Liabilities**

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

**i) 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 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.

**j) 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.

**k) Financial Liabilities**

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

**l) 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 present 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.

#### m) 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 2013. 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.

#### n) Share-based Payment

adesso has issued options to employees for the acquisition of shares in adesso AG. The vesting period pursuant to IFRS 2 is two years. 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 income statement.

#### o) 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.

#### p) 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.



#### q) Mergers

Mergers are reported according to IFRS 3. Pursuant to IFRS 3, all acquired assets and liabilities have to be recognised insofar as they meet the criteria defining an asset or liability. The likelihood that funds will be received or paid is irrelevant for recognition, or rather, the likelihood is taken into account in measurement of assets and liabilities. In general, the acquired assets and liabilities are recognised at fair value. According to IFRS 3.12 in conjunction with IFRS 3.51 and 3.52, pre-existing relationships are not part of the merger. The acquired subsidiary's receivables from and liabilities to adesso are not included in the acquired assets or liabilities. IFRS does not specify how this is to be recognised in the reporting of the merger. adesso has decided to report it in such a way that these pre-existing relationships were settled by payment at fair directly prior to the merger.

IFRS 3 specifies exceptions to the recognition and measurement principles, for example in regard to pension provisions, deferred taxes, reacquired rights and contingent liabilities. Non-controlling interests pursuant to IFRS 3 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. To determine the value of consideration given, IFRS 3 prescribes that so-called pre-existing relationships have to be eliminated prior to consolidation. Resulting gains or losses have to be recognised. According to IFRS 3, contingent liabilities are measured at fair value through profit or loss on reporting dates following the merger. 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 finalised within 12 months from the merger date (measurement period).

#### r) 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.

#### s) 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 13,191 thousand (previous year: EUR 13,970 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. 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 4,783 thousand as of 31 December 2013 (previous year: EUR 5,006 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 6,668 thousand due to the realisation of

deferred tax assets on tax loss carry-forwards in the past. Further benefits are not capitalised. percision services GmbH has loss carry-forwards pursuant to Section 8c (1), sentence 6-9 of the Corporate Tax Act (KStG). The resulting deferred tax assets total EUR 210 thousand (previous year: EUR 210 thousand). As of 31 December 2013, the total value of deferred tax assets is EUR 520 thousand (previous year: EUR 613 thousand). areal drei advisory GmbH recognised deferred tax assets of EUR 44 thousand on tax loss carry-forwards (previous year: EUR 64 thousand). adesso Austria GmbH recognised deferred tax assets of EUR 157 thousand on tax loss carry-forwards (previous year: EUR 0 thousand). As with adesso AG, the benefit eligible for capitalisation is determined on the basis of a five-year plan for percision services GmbH, areal drei advisory GmbH and adesso Austria GmbH. 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.

## II. 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 21,765 thousand (previous year: EUR 21,368 thousand).

#### 2. Trade Accounts Receivable

All trade accounts receivable are due within one year. The allowance for doubtful trade accounts receivable has developed as follows:

<i>in EUR k</i>	<i>Total 2013</i>	<i>Total 2012</i>
As of 1 January	283	46
Availment	96	15
Release	18	20
Addition	527	272
<b>AS OF 31 DECEMBER</b>	<b>696</b>	<b>283</b>

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

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	24,992	23,344	564	1	22	4	1,057

2012	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	25,275	20,759	2,996	896	198	111	315

### 3. PoC Receivables

Receivables PoC are comprised of costs plus pro-rata profit less recognised order losses. Receivables PoC amount to EUR 4,174 thousand (previous year: EUR 4,031 thousand). Down payments received by customers in the amount of EUR 1,794 thousand (previous year: EUR 2,148 thousand) are reported under liabilities.

### 4. Current Financial Assets

Current financial assets are classified as follows:

in EUR k	2013	2012
Deposits	81	53
Secured liquid assets not at free disposal	128	0
Employee loans	14	20
<b>TOTAL</b>	<b>223</b>	<b>73</b>

Current financial assets are neither impaired nor overdue.

## 5. Other Current Assets

Other current assets are comprised as follows:

<i>in EUR k</i>	2013	2012
Accruals	779	715
Receivables from personnel	28	130
Sales taxes receivable	304	0
Receivables from health insurers	2	15
Other	343	205
<b>TOTAL</b>	<b>1,456</b>	<b>1,065</b>

The accruals mainly consist of maintenance expenses for the following year in the amount of EUR 216 thousand (previous year: EUR 150 thousand), other personnel costs of EUR 37 thousand (previous year: EUR 67 thousand), advertising expenses of EUR 162 thousand (previous year: EUR 182 thousand), insurance of EUR 33 thousand (previous year: EUR 134 thousand), travel expenses of EUR 0 thousand (previous year: EUR 2 thousand), training of EUR 22 thousand (previous year: EUR 3 thousand), limited-term licenses of EUR 78 thousand (previous year: EUR 41 thousand) and motor vehicle taxes of EUR 4 thousand (previous year: EUR 2 thousand). Reinsurance was reallocated from non-current to current assets as it is due in 2014.

## 6. Intangible Assets and Goodwill

Intangible assets and goodwill developed as follows:

<i>2013 / 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	3,328	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 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	2,196	7,695	0	3,234	13,125
<b>CARRYING AMOUNT 31 DEC.</b>	<b>13,191</b>	<b>702</b>	<b>0</b>	<b>219</b>	<b>14,112</b>

2012 / in EUR k	Goodwill	Customer lists	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	12,944	7,328	1,058	3,058	24,388
Accumulated amortisation 1 Jan.	1,417	5,675	0	2,812	9,904
Carrying amount 1 January	11,527	1,653	1,058	246	14,484
Currency differences	0	0	0	-13	-13
Company acquisitions	2,810	1,069	0	201	4,080
Additions	0	0	290	82	372
Amortisation	0	1,244	0	328	1,572
Impairment	29	0	1,348	0	1,377
Disposals	338	0	0	0	338
Gross value 31 December	15,387	8,397	0	3,328	27,112
Accumulated amortisation	1,417	6,919	0	3,140	11,476
<b>CARRYING AMOUNT 31 DEC.</b>	<b>13,970</b>	<b>1,478</b>	<b>0</b>	<b>188</b>	<b>15,636</b>

Intangible assets are mainly comprised of customer lists acquired in the course of mergers (EUR 702 thousand; previous year: EUR 1,478 thousand). In the current financial year, goodwill of EUR 779 thousand allocated to adesso Austria GmbH was impaired. In the previous year, the “dynamic.suite” software product, which was under development, was written off in the full amount of EUR 1,348 thousand (impairment). Goodwill of EUR 29 thousand assigned to dynamicutilities GmbH i. L. was also written off in the previous year following an impairment test.

For the purpose of the impairment test according to IAS 36, goodwill is 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 in this context is the level at which management monitors goodwill; the level to which goodwill is allocated can be no higher than the level of operating segments before they are combined into reportable segments. Adesso’s goodwill will be assigned to the operating segments according to IFRS 8 for the purpose of impairment tests. Goodwill is allocated as follows:

in EUR k	2013	2012
adesso AG	6,630	6,398
adesso Austria GmbH	3,552	4,331
Arithnea GmbH	2,810	2,810
percision services GmbH	-	232
gativ GmbH	198	198

The increase in goodwill assigned to adesso AG compared to the previous year was a result of the integration of the Utilities business area of former evu.it GmbH, now called percision services GmbH, with adesso AG.

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 always between -5 % and 10 %. 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 ratio of earnings before tax to sales is usually assumed at the ratios realised in previous years. Only in the case of adesso Austria GmbH is a lower ratio of earnings before tax to sales revenues assumed. 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.

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 7.66 % and 8.43 % in IT-Services (previous year: 8.7 % to 9.56 %). 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 (2.75 %; previous year: 2.19 %), a beta factor derived separately for each segment from a representative peer group (constituting systematic risk), a market 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 0.9 to 0.63.

Due to an impairment test, goodwill for adesso's Austrian subsidiary Austria GmbH was reduced by EUR 779 thousand. The impairment is a result of a large project not being successfully completed, which led to a reduction in estimates for medium-term growth. The recoverable amount is the value in use, which amounts to EUR 4,448 thousand. A pre-tax interest rate of 7.66 % (previous year: 8.7 %) was used to calculate value in use.

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 and a 1 percentage point lower gross margin were assumed. Based on a reasonable commercial assessment, such changes are possible. 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:

In the case of adesso Austria GmbH, an impairment would be required if the parameters changed. 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. As goodwill impairment was carried out at adesso Austria GmbH in 2013, the recoverable amount of the unit corresponds 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 percentage points
		Perpetual annuity growth (1 %)	0 percentage points
		Gross margin (-3.3 % to 7.5 %)	0 percentage points

In the previous year, a change of parameters would not have entailed an impairment.

## 7. Property, Plant and Equipment

Property, plant, and equipment developed as follows:

in EUR k	2013	2012
Gross value 1 January	7,187	5,379
Accumulated depreciation 1 January	5,195	3,987
Carrying amount 1 January	1,992	1,392
Currency differences	3	-1
Company acquisitions	0	356
Additions	1,276	1,479
Disposals	0	29
Depreciation	1,287	1,205
Gross value 31 December	8,466	7,187
Accumulated depreciation 31 December	6,482	5,195
<b>CARRYING AMOUNT 31 DECEMBER</b>	<b>1,984</b>	<b>1,992</b>

Property, plant, and equipment mainly consists of office furniture and equipment as well as computer hardware.

## 8. Non-current Financial Assets

The financial assets are comprised as follows:

in EUR k	2013	2012
Deposits	335	336
Shares in and receivables from non-consolidated subsidiaries	25	93
Employee loans	17	22
<b>TOTAL</b>	<b>377</b>	<b>451</b>

The non-current financial assets are neither impaired nor overdue.

The subsidiary not included in the consolidated financial statements is immaterial overall. It did not have any active business operations in the financial year.



### 9. Income Tax Assets and Liabilities, 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 49 thousand, EUR 12 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 corporate tax over-payments amounting to EUR 563 thousand (previous year: EUR 912 thousand).

Deferred tax assets and liabilities are comprised as follows on the reporting date:

<i>in EUR k</i>	2013	2012
<b>DEFERRED TAX ASSETS</b>		
Receivables and other assets	0	74
Provisions	110	101
Other liabilities	125	115
Loss carry-forwards	5,537	5,671
Offsetting	-234	-205
<b>TOTAL</b>	<b>5,538</b>	<b>5,756</b>
<b>DEFERRED TAX LIABILITIES</b>		
Intangible assets	179	440
Property, plant and equipment	7	17
Trade accounts receivable	122	95
Receivables PoC	345	214
Provisions	109	29
Other liabilities	349	495
Offsetting	-234	-205
<b>TOTAL</b>	<b>877</b>	<b>1,085</b>

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 GmbH 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 totalling EUR 157 thousand is justified owing to the fact that an isolated loss-making project can be terminated, which means that losses resulting from the project will no longer affect future earnings. Recognition of deferred tax assets of EUR 525 thousand at percision services GmbH, formerly evu.it GmbH, is justified owing to the fact that tax loss carry-forwards will be realised through profit from IT personnel resourcing in future, which was transferred to evu.it as part of the merger with percision GmbH.

No deferred taxes were recognised on corporate tax loss carry-forwards in the amount of EUR 130 thousand (previous year: EUR 5,023 thousand), trade tax loss carry-forwards of EUR 130 thousand (previous year: EUR 2,427 thousand) and foreign loss carry-forwards of EUR 2,877 thousand (previous year: EUR 505 thousand). The loss carry-forwards can be carried forward perpetually. This does not include loss carry-forwards from Swiss subsidiaries (EUR 170 thousand; previous year: 0 thousand), which can be carried forward for seven years and loss carry-forwards from Turkish subsidiaries (EUR 226 thousand; previous year: EUR 0 thousand), which can be carried forward for five years.

In accordance with IAS 12.39, a deferred tax liability of EUR 112 thousand (2012: EUR 160 thousand) for temporary differences of EUR 6,838 thousand (2012: EUR 9,745 thousand) in connection with shares in subsidiaries was not recognised on 31 December 2013 as adesso can control their release, which is not planned in the foreseeable future.

#### 10. Other Non-current Assets

In the previous year, a reinsurance claim of EUR 293 thousand was recognised in other non-current assets, which was transferred to current assets in the current financial year.

#### 11. Financial Liabilities

Financial liabilities are comprised as follows:

	2013			2012		
<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	5,356	1,832	3,524	7,698	2,514	5,184
Conditional purchase price obligation	0	0	0	1,113	1,113	0
Other financial liabilities	735	735	0	1,549	855	694
<b>TOTAL</b>	<b>6,091</b>	<b>2,567</b>	<b>3,524</b>	<b>10,360</b>	<b>4,482</b>	<b>5,878</b>

Loan liabilities are mainly due to loans taken out for the acquisition of subsidiaries. The effective interest rate is between 2.95 % and 5.68 % depending on the form and term of contract.

#### 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>01 Jan. 2013</i>	<i>Addi- tions</i>	<i>Company acquisi- tions</i>	<i>Avail- ment</i>	<i>Reclassi- fication</i>	<i>Currency diffe- rences</i>	<i>Release</i>	<i>31 Dec. 2013</i>
Contingent losses	32	75	0	26	0	0	0	81
Storage costs	15	2	0	4	22	0	19	16
Other provisions	1,621	1,811	0	1,185	0	0	278	1,969
Warranty	1,422	172	0	440	0	0	171	983
<b>TOTAL, CURRENT</b>	<b>3,090</b>	<b>2,060</b>	<b>0</b>	<b>1,655</b>	<b>22</b>	<b>0</b>	<b>468</b>	<b>3,049</b>
Contingent losses	1	4	0	0	0	0	0	5
Warranty	259	76	0	0	0	0	0	335
Storage costs	73	0	0	0	-22	0	0	51
Other provisions	343	272	0	0	0	1	0	616
<b>TOTAL, NON-CURRENT</b>	<b>676</b>	<b>352</b>	<b>0</b>	<b>0</b>	<b>-22</b>	<b>1</b>	<b>0</b>	<b>1,007</b>

Other provisions mainly consist of provisions for annual general meeting costs (EUR 60 thousand), Supervisory Board compensation (EUR 32 thousand), operational provisions (bonuses, quotas etc. (EUR 1.191 million)) and outstanding obligations (Chamber of Industry and Commerce, Employer's Liability Insurance Association, insurance premiums and similar (EUR 410 thousand)). Other non-current provisions include removal obligations for leasehold improvements (EUR 57 thousand) and provisions for the phantom share programme (EUR 545 thousand).

### 14. Other Liabilities

Except for EUR 283 thousand, other liabilities are due within 12 months. They mainly consist of amounts payable to personnel in the amount of EUR 13,100 thousand (previous year: EUR 11,258 thousand) under variable salary agreements, premiums and obligations for accumulated holiday time, sales taxes payable of EUR 1,965 thousand (previous year: EUR 1,847 thousand), payroll taxes payable of EUR 2,215 thousand (previous year: EUR 1,887 thousand) and deferred maintenance and hosting revenues for the following financial year in the amount of EUR 1,867 thousand (previous year: EUR 1,976 thousand).

### 15. Provisions for Pensions

Pension provisions 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.

The pension provisions developed as follows:

*in EUR k*

<b>DBO AS OF 1 JANUARY 2012</b>	<b>575</b>
Interest expense	27
Payments	- 13
Actuarial loss	108
<b>DBO AS OF 31 DECEMBER 2012</b>	<b>697</b>
Interest expense	21
Payments	-16
Actuarial loss	-12
<b>DBO AS OF 31 DECEMBER 2013</b>	<b>690</b>

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

<i>in %</i>	<b>2013</b>	2012
Interest rate	<b>3.46</b>	3.18
Rate of pension progression	<b>2.00</b>	2.00

Future medical care is not part of the agreement.

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

<i>in %</i>	<i>Change</i>	<i>Increase in parameter</i>	<i>Decline in parameter</i>
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 2013 is EUR 5,763,327 (previous year: EUR 5,747,716). It is divided into 5,763,327 (previous year: 5,747,716) 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 15,611 in the course of exercising the options. This was reported to the Commercial Register on 22 January 2014. The entry in the Commercial Register had not taken place as of the reporting date.

#### 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 04 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 04 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 General 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 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. BOV AG was entered into the Commercial Register by the district court on 12 December 2006. As of the end of financial year 2013, up to 836 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 the Executive Board 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 2013, up to 96,923 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 15,611 share options from the employee participation plans, 15,611 new shares were issued in the current financial year.

The difference between the face amount of the shares and the issue price in the amount of EUR 75 thousand (previous year: EUR 26 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.

#### 17. Employee Participation Plan

12,170 options were issued from "conditional capital II" in the financial year (previous year: 27,581). The options issued from this conditional capital can be exercised after a vesting period of 24 months. For the options issued in 2013, the exercise price is EUR 7.68 (previous year: EUR 7.37). The exercise price of all outstanding options ranges from EUR 4.81 to EUR 10.94. The average weighted remaining term of the outstanding options is 2.32 years (previous year: 2.86 years) and the weighted present value of the options issued in the reporting period is EUR 1.41 (previous year: EUR 1.28).

The number of outstanding options developed as follows:

	2013		2012	
	Number	Average exercise price per option in EUR	Number	Average exercise price per option in EUR
As of 1 January	121,207	6.29	151,653	6.20
New options issued	12,170	7.68	27,581	7.37
Exercised	-15,611	5.78	-6,053	5.29
Expired	-20,007	6.10	-51,974	6.71
As of 31 December	97,759	6.76	121,207	6.29
Exercisable as of 31 December	60,008	6.31	85,926	5.95

The issued options are measured with the help of the trinomial model. The following parameters are included in measurement:

	2013	2012
Weighted average share price (in EUR)	7.71	7.33
Base price (in EUR)	7.68	7.37
Expected volatility (in %)	36	35
Maximum term of the option	5	5
Expected dividend yield (in %)	2.5	2.5
Average risk-free interest rate (in %)	0.22	0.37

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 20 thousand (previous year: EUR 33 thousand) were recognised in financial year 2013.

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 262 thousand (previous year: EUR 99 thousand) were recognised in the financial year. Total provisions of EUR 545 thousand (previous year: EUR 282) 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.

#### 18. Sales Revenues

in EUR k	2013	2012
Services	130,643	114,320
Licensing	5,579	6,201
<b>TOTAL</b>	<b>136,222</b>	<b>120,521</b>

### 19. Other Operating Income

Other operating income is comprised as follows:

<i>in EUR k</i>	2013	2012
Income from the release of provisions	468	67
Income from the redemption of other obligations	445	372
Income from sub-leasing	70	118
Income from trade accounts receivable written off	18	0
Income from translation differences	28	59
Grants for expenses	551	373
Insurance recoveries	11	5
Commissions and other subsidies	85	151
Income from the derecognition of a financial liability	0	1,128
Other	461	584
<b>TOTAL</b>	<b>2,137</b>	<b>2,857</b>

There were no material subleases at the end of the financial year. Income from the derecognition of a financial liability in the previous year refer to the conditional liability for the acquisition of evu.it GmbH in the amount of EUR 878 thousand as well as the derecognition of the liability for the acquisition of dynamicutilities GmbH i. L. in the amount of EUR 250 thousand (also see the information on mergers).

### 20. Cost of Materials

<i>in EUR k</i>	2013	2012
Expenses for purchased merchandise	515	362
Expenses for purchased services	14,116	13,405
<b>TOTAL</b>	<b>14,631</b>	<b>13,767</b>

### 21. Personnel Costs

Personnel costs are comprised as follows:

<i>in EUR k</i>	2013	2012
Wages and salaries	75,425	65,979
Social security contributions	12,794	11,447
<b>TOTAL</b>	<b>88,219</b>	<b>77,426</b>

adesso Group had an average of 1,156 FTE (full-time equivalent) employees in 2013 (previous year: 1,007 FTE).



## 22. Other Operating Expenses

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

<i>in EUR k</i>	2013	2012
Operating expenses	3,244	3,879
Administrative expenses	11,607	10,681
Selling expenses	12,876	11,204
<b>TOTAL</b>	<b>27,727</b>	<b>25,764</b>

Other operating expenses include foreign currency expenses of EUR 20 thousand (previous year: EUR 14 thousand), operating lease expenses of EUR 1,765 thousand (previous year: EUR 1,672 thousand), travel expenses of EUR 6,778 thousand (previous year: EUR 5,829 thousand), personnel recruitment costs of EUR 1,944 thousand (previous year: EUR 1,165 thousand) and training expenses of EUR 1,177 thousand (previous year: EUR 99 thousand).

## 23. Depreciation and Amortisation

Scheduled depreciation and amortisation of non-current assets is EUR 2,158 thousand for the financial year (previous year: EUR 2,777 thousand). Of this amount, EUR 776 thousand is accounted for by scheduled amortisation of intangible assets capitalised in the course of mergers. Please refer to the information on intangible assets for impairments.

## 24. Income from Financing and Investment Activities

Total interest income for the year under review is EUR 63 thousand (previous year: EUR 253 thousand) with EUR 37 thousand affecting payment; total interest expenses are EUR 282 thousand (previous year: EUR 392 thousand) with EUR 152 thousand affecting payment.

## 25. Income Taxes

Income taxes are comprised as follows:

<i>in EUR k</i>	2013	2012
Current taxes	1,259	2,137
Deferred taxes	339	373
<b>TOTAL</b>	<b>1,598</b>	<b>2,510</b>

Current taxes include a tax expense of EUR 49 thousand (previous year: tax revenue of EUR 11 thousand) from adjustments in previous years. Deferred taxes on tax loss carry-forwards changed by EUR 134 thousand (previous year: EUR 783 thousand) due to utilisation EUR -1.312 thousand (previous year: EUR -1,447 thousand), due to depreciation/amortisation EUR 0 thousand (previous year: EUR 2,390 thousand) and from the reinstatement of previously non-capitalised deferred tax assets on loss carry-forwards of EUR 1,088 thousand (previous year: EUR 1,032 thousand). The deferred tax revenue from the change in the temporary difference amounts to EUR 214 thousand. Tax loss carry-forward for which no deferred taxes were recognised in the past, were not utilised as in the previous year.

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

<i>in EUR k</i>	2013	2012
Consolidated earnings before income taxes	4,626	2,417
<b>Expected tax expense</b>	<b>1,517</b>	<b>779</b>
Effect of foreign tax rates	104	-282
Effect of IFRS impairment of goodwill	256	9
Capitalisation of additional deferred taxes on loss carry-forwards	-1,088	-1,032
Impairment and non-capitalised deferred taxes on loss carry-forwards	610	2,390
Effect of tax rate changes	0	43
Non-deductible expenses	121	564
Foreign currency expense included in equity	0	3
Tax expense from other periods	49	-11
Other	29	47
<b>Tax expense reported</b>	<b>1,598</b>	<b>2,510</b>

The tax rate of the parent company at 32.80 % was used to determine the expected tax expense.

Deferred tax revenue of EUR 6 thousand (previous year: EUR 31 thousand) was included in other comprehensive income in the financial year.

With regard to the tax result for the 2012 financial year, an amount of EUR 2,390 thousand was reported under "Impairment and non-capitalised deferred taxes on loss carry-forwards". This amount was comprised of EUR 1,447 thousand in impairments on deferred taxes and EUR 943 thousand of non-capitalised deferred taxes. The impairments on deferred taxes are based on a reduction in projected figures for adesso AG in the upcoming years.

## 26. Earnings per Share

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

At the end of the financial year, 21,955 (previous year: 8,595) outstanding options under the employee participation plan had to be taken into account in calculating the diluted earnings per share.

The undiluted and diluted earnings per share are as follows:

	2013	2012
Proportion of consolidated earnings allocated to adesso AG shareholders (in EUR thousand)	2,780	693
Average number of shares issued and outstanding	5,755,168	5,743,836
Undiluted earnings per share (in EUR)	0.48	0.12
Average number of shares issued and outstanding, including the dilution effect of outstanding options	5,763,327	5,752,431
Diluted earnings per share (in EUR)	0.48	0.12

### III. Information on the Cash Flow Statement

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

Cash flows from operating activities increased by EUR 7,307 thousand to EUR 7,680 thousand compared to the previous year. Compared to the previous year, consolidated earnings improved by EUR 2,208 thousand to EUR 4,626 thousand. Consolidated earnings include an impairment of EUR 779 thousand (previous year: EUR 1,377 thousand). Depreciation and amortisation of property, plant, and equipment as well as intangible assets totals EUR 2,937 thousand, which is EUR 1,217 thousand lower compared to the previous year. Taxes were paid in the amount of EUR 2,455 thousand (previous year: EUR 3,041 thousand).

Cash outflows for investment activities fell by EUR 1,392 thousand compared to the previous year. In the previous year, cash outflows from investment activities were dominated by the acquisition of the Arithnea GmbH subsidiary.

The change in cash inflows from financing activities is mainly due to the payment of dividends (EUR 1,639 thousand), not taking out loans and the repayment of loans and other financial liabilities of EUR 4,344 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.

As a result of the adjusted recognition of the merger with Arithnea GmbH, the previous year's figures were adjusted by the following amounts:

- > Reduction of cash inflows from operating activities by EUR 631 thousand.
- > Increase in tax expenses by EUR 614 thousand.
- > Reduction in change of cash and cash equivalents from investment activities by EUR 684 thousand.

## IV. Information on Segment Reporting

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

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

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

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

The individual companies are assigned to these segments as follows:

<i>IT-Services</i>	<i>IT-Solutions</i>
adesso AG	adesso mobile solutions GmbH
adesso Austria GmbH	e-Spirit AG
adesso hosting services GmbH	e-Spirit Inc.
adesso Schweiz AG	e-Spirit UK Ltd.
adesso Turkey Bilgi Teknolojileri Limited Sirketi	e-Spirit Schweiz AG
adesso Transformer GmbH	gativ GmbH
areal drei advisory GmbH	PSLife GmbH
Arithnea GmbH	
percision services GmbH	
percision GmbH	
percision Schweiz AG	

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. adesso is unable to separate these amounts.

Transactions between the operating segments are settled at market prices.

## 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	-16,833	136,222
Changes in inventories	-169	147	22	0
Other operating income	5,716	1,117	-4,696	2,137
Cost of materials	-25,478	-6,019	16,866	-14,631
Personnel costs	-78,270	-13,642	3,693	-88,219
Other operating expenses	-24,807	-5,267	2,347	-27,727
<b>EBITDA</b>	<b>5,613</b>	<b>770</b>	<b>1,399</b>	<b>7,782</b>
Depreciation and amortisation	-1,409	-256	-493	-2,158
Amortisation of goodwill	-2,188	-265	1,674	-779
EBIT	2,016	249	2,580	4,845
Income from investments	1,081	-2,292	1,211	0
Financial result	-506	84	203	-219
Extraordinary result for the period	406	-2	-404	0
Earnings before tax	2,997	-1,961	3,590	4,626
Amortisation of goodwill	2,188	265	-1,674	779
EBT before amortisation of goodwill	5,185	-1,696	1,916	5,405

## SEGMENT REPORTING 2012

<i>in EUR k</i>	<i>IT-Services</i>	<i>IT-Solutions</i>	<i>Reconciliation</i>	<i>Consolidated</i>
Sales revenues	112,629	23,703	-15,811	120,521
Changes in inventories	977	-584	-393	0
Other operating income	4,212	819	-2,174	2,857
Own work capitalised	0	290	0	290
Cost of materials	-21,988	-6,047	14,268	-13,767
Personnel costs	-68,300	-11,755	2,629	-77,426
Other operating expenses	-21,238	-4,616	90	-25,764
<b>EBITDA</b>	<b>6,292</b>	<b>1,810</b>	<b>-1,391</b>	<b>6,711</b>
Depreciation and amortisation	-2,507	-1,596	1,326	-2,777
Impairment of intangible assets	0	-1,348	0	-1,348
Amortisation of goodwill	-2,179	-265	2,415	-29
EBIT	1,606	-1,399	2,350	2,557
Income from investments	-4,535	-425	4,960	0
Financial result	-343	68	136	-139
Extraordinary result for the period	369	-2	-367	0
Earnings before tax	-2,903	-1,758	7,079	2,418
Amortisation of goodwill	2,179	265		
EBT before amortisation of goodwill	-724	-1,493		

The following table shows the geographic breakdown of external sales by customers' registered office and non-current assets by location of the assets in accordance with IFRS 8.

	Sales with external clients by client's place of business		Non-current assets	
	2013	2012	2013	2012
Germany	114,219	97,071	12,508	14,803
thereof goodwill			9,639	10,879
Austria	5,103	5,831	3,639	4,428
thereof goodwill			3,552	4,331
Switzerland	12,909	14,531	308	353
Other	3,991	3,088	37	6

More than 10 % of the sales generated by adesso were not applicable to any one customer in financial years 2013 and 2012.

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

## V. Supplementary Information

### Other Financial Obligations

Other financial obligations are comprised as follows:

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
	<b>27,113</b>	<b>5,374</b>	<b>11,848</b>	<b>9,891</b>
2012 / in EUR k	Total	Thereof due in year 1	in year 2 to 5	after 5 years
Space and equipment rental	8,371	2,605	5,766	0
Other lease contracts	2,487	1,039	1,448	0
Insurance	349	338	10	0
	<b>11,207</b>	<b>3,982</b>	<b>7,224</b>	<b>0</b>

The increase in other financial obligations from the leasing of space and equipment primarily stems from a newly signed long-term leasing agreement for adesso AG.

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 2013.

#### 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 following exceptions apply at the end of 2013:

The derivative financial instrument is measured at fair value. It amounted to EUR -1 thousand at the end of the financial year (previous year: EUR -9 thousand). Derivative financial instruments used in hedge accounting are not assigned to an IAS 39 valuation category.

The table below shows the carrying amounts at the (amortised) acquisition cost as well as the fair values of the financial assets and liabilities. Determining the present values of financial assets and liabilities is based on market interest rates for similar financial instruments.

		2013			2012		
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	21,765	21,765		21,368	21,368	
Trade accounts receivable	LaR	24,992	24,992		25,275	25,275	
Other assets	LaR	1,456	1,456		1,386	1,386	
TOTAL		48,213	48,213		48,029	48,029	
EQUITY AND LIABILITIES							
Trade accounts payable	FL	5,654	5,654		5,136	5,136	
Loans	FL	5,355	5,302	3	7,698	7,664	3
Other financial liabilities	FL	735	735		1,539	1,539	
Conditional purchase price obligation	-	0	0		1,113	1,113	
Derivative financial instrument	-	1	1		9	9	
Other liabilities	FL	19,579	19,579		17,612	17,612	
TOTAL		31,324	31,271		33,107	33,073	

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

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



The net results reported according to IFRS 7.20 are comprised as follows:

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

2012 / in EUR k	From interest	Impairment	Write-up/ derecognition	Total
Loans and receivables	253	-252	20	21
Financial liabilities measured at amortised cost	-392	0	250	-142

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 2013. Many of the new customers added in 2013 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:

2013 / in EUR k	Carrying amount	Maturity up to 1 year	> 1 and < 5 years	> 5 years
Trade accounts payable	5,654	5,654	0	0
Loans	5,355	1,951	3,618	0
Other financial liabilities	736	736	0	0
Other liabilities	19,579	19,296	282	0
<b>TOTAL</b>	<b>31,324</b>	<b>27,637</b>	<b>3,900</b>	<b>0</b>

2012 / in EUR k	Carrying amount	Maturity up to 1 year	> 1 and < 5 years	> 5 years
Trade accounts payable	5,136	5,136	0	0
Loans	7,697	2,569	4,968	709
Other financial liabilities	2,662	1,968	747	0
Other liabilities	17,612	17,229	383	0
<b>TOTAL</b>	<b>33,107</b>	<b>2,902</b>	<b>6,098</b>	<b>709</b>

### 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 48 % (previous year: 45 %). 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.

### Short-term Non-performance-based Remuneration

Performance-based variable remuneration is paid out in the following year. The table below shows the short-term remuneration of the Executive Board for 2013:

<i>in EUR k</i>	<i>Basic remuneration</i>	<i>Performance-based compensation/profit sharing</i>	<i>Performance-based compensation/variable</i>	<i>Payments in kind and other compensation</i>	<i>Other payments</i>	<i>Total</i>
Christoph Junge	175	47	1	17	0	240
Michael Kenfenheuer	202	50	1	31	10	294
Dr. Rüdiger Striemer*	202	50	1	14	10	277
<b>TOTAL</b>	<b>579</b>	<b>147</b>	<b>3</b>	<b>62</b>	<b>20</b>	<b>811</b>

\* Dr. Rüdiger Striemer receives a lump-sum reimbursement of expenses in the amount of EUR 6 thousand instead of a company car, and a 1st class BahnCard 100 (EUR 7 thousand).

In addition, expenses according to IAS 24 for the Executive Board from the share option programme totalling EUR 17 thousand were recognised. Expenses from the phantom share programme of EUR 21 thousand were recognised. As of the reporting date, liabilities to members of the Executive Board totalling EUR 5 thousand were reported as reimbursement of expenses.

The short-term remuneration of the Executive Board amounted to EUR 960 thousand in the previous year. Expenses from the share option programme according to IAS 24 totalled EUR 22 thousand in the previous year. In the previous year, liabilities to members of the Executive Board from the reimbursement of expenses amounted to EUR 6 thousand.

### Long-term Remuneration

The table below shows the Executive Board's long-term remuneration components for 2013:

	<i>Number of phantom shares</i>	<i>Change 2013</i>	<i>Expense 2013 for repurchase value</i>	<i>Expense 2013 for virtual dividend</i>	<i>Repurchase value as of 31 December 2013</i>
Michael Kenfenheuer	57,145	0	108,600 EUR	10,286 EUR	262,900 EUR
Dr. Rüdiger Striemer	57,145	0	94,200 EUR	10,286 EUR	202,200 EUR
<b>TOTAL</b>	<b>114,290</b>	<b>0</b>	<b>202,800 EUR</b>	<b>20,572 EUR</b>	<b>465,100 EUR</b>

Information for the previous year:

	<i>Number of phantom shares</i>	<i>Change 2012</i>	<i>Expense 2013 for repurchase value</i>	<i>Expense 2013 for virtual dividend</i>	<i>Repurchase value as of 31 December 2013</i>
Michael Kenfenheuer	57,145	0	45,000 EUR	10,286 EUR	108,000 EUR
Dr. Rüdiger Striemer	57,145	0	44,000 EUR	10,286 EUR	154,300 EUR
<b>TOTAL</b>	<b>114,290</b>	<b>0</b>	<b>89,000 EUR</b>	<b>20,572 EUR</b>	<b>262,300 EUR</b>

In case a board member leaves the Executive Board, the following has been established in regards to the phantom share programme:

If a board member leaves before the end of three years from the start of the programme 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 the shareholders Rainer Rudolf and Volker Gruhn (or companies through which they hold their shares) hold less than 35 % of the company's total capital through the sum of their shares. If a board member leaves after the end of at least three years, due to termination of 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 the end of at least eight years, the shares have to be returned.

The share option programme of adesso AG duly expired on 31 December 2013. In view of the granted share options, the Executive Board, subject to outstanding approval by the Supervisory Board, will receive virtual share options for the financial year 2013 in 2014.

Michael Kenfenheuer exercised stock options in 2013. Michael Kenfenheuer acquired 4,000 shares from the conversion. The members of the Executive Board received 2013 new stock options each for financial year 2012.

The members of the adesso AG Executive Board held the following adesso AG shares as of 31 December 2013:

	<i>Number of no-par bearer shares</i>
Michael Kenfenheuer, Frechen	53,101
Dr. Rüdiger Striemer, Berlin	32,571
Christoph Junge, Münster	16,787
	<b>102,459</b>

The Executive Board of adesso AG held 47,125 stock options on the reporting date, with a fair value of EUR 324 thousand on the date they were granted. As of the reporting date, the shares of the company or financial instruments related to the shares held by Executive Board member Michael Kenfenheuer amounted to 1.2 % of the shares issued by the company. Michael Kenfenheuer held 53,101 shares (0.9 % of the voting rights) and 16,851 options as of the reporting date.

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):

- > 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  
Member of the Administrative Board, e-Spirit Schweiz AG, Zurich, Switzerland  
(until 12 December 2013)

### Supervisory Board

The members of the Supervisory Board in 2013 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 (since 30 July 2013)  
Professor for Insurance Information Technology
- > Heinz-Werner Richter, Dortmund (since 30 July 2013)  
Actuarial trustee, management consultant
- > Dipl.-Inform. Rainer Rudolf (IT graduate), Dortmund (since 30 July 2013)  
Managing Director, 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, Dortmund  
Member of the Supervisory Board, e-Spirit AG, Dortmund
- > Prof. Dr. Willibald Folz, Munich  
Chairman of the Supervisory Board, Gesellschaft für Managementberatung AG, Nürnberg
- > Dipl.-Informatiker (IT graduate) Rainer Rudolf, 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 2013 for all members of the adesso AG Supervisory Board appointed in this period was EUR 28.0 thousand (previous year: EUR 17.5 thousand) for Supervisory Board activities.

Remuneration paid to the Supervisory Board 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	3	0	8
Prof. Dr. Gottfried Koch	0	0	2	2
Heinz Werner Richter	0	0	0	0
Dipl.-Inform. Rainer Rudolf	0	0	0	0
Dr. Friedrich Wöbking	5	4	1	10
<b>TOTAL</b>	<b>18</b>	<b>7</b>	<b>3</b>	<b>28</b>

Commissions, fees and the reimbursement of expenses totalled EUR 244 thousand (previous year: EUR 281 thousand).

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 adesso AG Supervisory Board held the following shares in adesso AG as of 31 December 2013:

<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	4,000
Prof. Dr. Willibald Folz, Munich	0
Heinz-Werner Richter, Dortmund	0
	<b>2,827,883</b>

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 1 thousand (previous year: EUR 37 thousand). Provisions for the remuneration of the Supervisory Board of EUR 32 thousand were created in the current financial year.

### Related Party Disclosures

Setanta GmbH, Dortmund  
ForenService Holding, Leipzig  
Versicherungsforen Leipzig GmbH, Leipzig  
IT Factum GmbH, Munich  
CampusLap GmbH, Essen

As of the reporting date, liabilities totalled EUR 8 thousand (previous year: EUR 3 thousand) and receivables amounted to EUR 0 thousand (previous year: EUR 2 thousand). Income of EUR 57 thousand (previous year: EUR 42 thousand) and expenses of EUR 246 thousand (previous year: EUR 368 thousand) were recognised in the current year for transactions with related parties.

### 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 2013.

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 services and the review of interim financial reports for the group and select subsidiaries are shown under (2).

	DOSU 2013	DOSU 2012
(1) Year-end audit	233*	227**
(2) Other consulting services	16	13***
<b>TOTAL</b>	<b>249</b>	<b>240</b>

\* Thereof EUR 28 thousand from 2012

\*\* Thereof EUR 14 thousand from 2011

\*\*\* Thereof EUR 5 thousand from 2011

### Events after the Reporting Date

No further events of material importance to adesso Group occurred after the reporting date on 31 December 2013.

### Appropriation of Net Income

The Executive Board and Supervisory Board shall propose a payout of EUR 1,210,298.67 or EUR 0.21 per share to the Annual General Meeting. The distribution of dividends has no income tax consequences for adesso.

### 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).

### 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](http://www.adesso-group.de) (Investor Relations > Group > Corporate Governance).

### Affiliated Companies of the adesso Group

Company	Headquarters	Equity	Annual profit	Capital share
adesso Austria GmbH	Vienna, Austria	-1,746 EUR k	-1,764 EUR k	100 %
adesso hosting services GmbH	Dortmund, Germany	148 EUR k	49 EUR k	51 %
adesso insurance solutions GmbH*	Dortmund, Germany	25 EUR k	-1 EUR k	100 %
adesso mobile solutions GmbH	Dortmund, Germany	343 EUR k	0 EUR k **	100 %
adesso Schweiz AG	Zurich, Switzerland	2,969 CHF k	838 CHF k	100 %
adesso Transformer GmbH	Vienna, Austria	215 EUR k	-135 EUR k	51 %
adesso Turkey Bilgi Teknolojileri Limited Serketi	Istanbul, Turkey	-422 TRY k	-622 TRY k	100 %
areal drei advisory GmbH	Cologne, Germany	-255 EUR k	57 EUR k	100 %
ARITHNEA GmbH	Neubiberg, Germany	2,799 EUR k	952 EUR k	51 %
e-Spirit AG	Dortmund, Germany	4,563 EUR k	0 EUR k **	100 %
e-Spirit Inc.	Delaware, USA	-1,340 USD k	-1,327 USD k	100 %
e-Spirit Schweiz AG	Zürich, Schweiz	-90 CHF k	-205 CHF k	100 %
e-Spirit UK Ltd.	London, Great Britain	-530 GBP k	-109 GBP k	100 %
gativ GmbH	Much, Germany	153 EUR k	60 EUR k	60,91 %
percision Schweiz AG	Zurich, Switzerland	11 CHF k	-15 CHF k	100 %
percision services GmbH	Dortmund, Germany	-4,944 EUR k	195 EUR k	100 %

\* Financial statements not yet prepared, not included in the consolidated financial statements

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



The accounting principles in Great Britain have changed in that a company that is a member of an affiliated group does not have to be audited when certain conditions are met:

- > The waiver of the audit has to be indicated in the commercial register.
- > The consolidated financial statements have to include a note that an audit was waived for fiscal year 2012 according to Section 479A, Companies Act 2013 (UK).
- > The parent company has to cover the company's losses. This obligation is valid for one year.
- > The consolidated financial statements have to be available in English.

e-Spirit UK exercised the option according to Section 479A, Companies Act 2006 (UK) for the financial year ending on 31 December 2013.

#### Participations of the adesso Group

<i>Company</i>	<i>Headquarters</i>	<i>Equity</i>	<i>Annual profit</i>	<i>Capital share</i>
PSLife GmbH*	Dortmund, Germany	150 EUR k	6,2 EUR k	50,0 %

\* Proportional consolidation

## 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, 6 March 2014

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 2013 to 31 December 2013. 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, 19 March 2014

DOSU AG  
Wirtschaftsprüfungsgesellschaft

Jens Landfeld  
German public auditor

Jochen Brorhilker  
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:

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 Hypothekenbank 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.

#### Further mandates in Supervisory Boards:

Chairman of the Supervisory Board of Gesellschaft für Managementberatung AG, Nürnberg.

**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 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.

**Dr. Friedrich Wöbking**

Member of the Supervisory Board



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. Above that, he acts, among others, as an advisor at EXMACO AG and is a Senior Advisor at Droege & Comp. Unternehmerberatung.

## 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 2,100 companies.

### Content solutions

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

### Enterprise Content Management

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

### FirstSpirit

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

### 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.

## FINANCE CALENDAR

<i>Date</i>	<i>Event</i>
2014-02-12	Small & Mid Cap Conference of Close Brothers Seydler Bank AG, Frankfurt/Main
2014-03-28	Publication of the 2013 annual report, financial press / analyst conference, Dortmund
2014-05-05	SCF_Small Cap Forum/Frühjahrskonferenz 2014, Frankfurt/Main
2014-05-15	Interim announcement of the group within the 1st half-year
2014-05-20	17th MKK - Münchner Kapitalmarktkonferenz, Munich
2014-05-26	Regular ASM, Dortmund
2014-08-28	Publication of the 2014 half-year figures
2014-11-13	Interim announcement of the group within the 2nd half-year
2014-11-24/26	German Equity Forum/One-on-Ones, Frankfurt/Main

## IMPRINT

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