

Group Principles

Business Model, Targets and Strategies

adesso is a rapidly growing IT service provider with the aim of joining the ranks of the leading consulting and technology groups for industry-specific business processes in Central Europe. adesso applies its extensive expertise in the relevant industries to act as an interface between the worlds of business processes and IT and realise software projects that meet the highest technical standards. Through the development of in-house software solutions, adesso has increased its market penetration and established an outstanding position when it comes to future-oriented IT solutions such as mobilisation or enterprise content management. One of adesso's strategic targets is the internationalisation of the sale of its own products. Business operations are also complemented by a defined acquisition strategy.

Coupled with a focused business model and the mission to outperform standard industry margins, the growth adesso has achieved in the past has increased the value of the company on a sustainable basis and the growth that is on the horizon will continue to do so. adesso invests a great deal of resources in targeted business development, the expansion of sales capacity, recruiting and marketing. These investments, paired with significant industry and consulting expertise, allow adesso to generate growth that far exceeds the industry average. adesso is a leading technology provider in the software development industry and invests an above-average amount in training its employees as well as in the ongoing development of the in-house adesso software development model. The Executive Board is committed to the strategy of striving for the right balance of growth, solid finances and earning performance.

For 2012, the Executive Board declared its targets of increasing sales by 5 % to between EUR 110 million and EUR 112 million and generating EBITDA of between EUR 7.2 million and EUR 7.5 million and earnings before taxes of EUR 5.0 million.

Employees and Structure

adesso was founded in 1997 and employed a total of 1,084 people in Germany, Austria, Switzerland and the USA as of the end of 2012. While 98 foreign employees are employed by the adesso Group, 637 employees in Germany work for parent company adesso AG, which, alongside its functions as a holding company, therefore also represents the adesso's largest operating unit. adesso's largest location is Dortmund, which is also

the city in which adesso AG was founded and the location of the company headquarters. In Germany, adesso maintains eight further offices in all of the country's key economic regions, both to ensure constant customer proximity and to keep travel costs as low as possible. adesso's international locations are in Boston, London, Vienna and Zurich.

As of the reporting date, adesso Group consisted of adesso AG as the largest operating unit and parent company, a number of companies in which adesso holds a majority share, consolidated subsidiaries of subsidiaries and one joint venture. adesso differentiates between two business areas: IT Services and IT Solutions. In the IT Services business area, adesso offers tailor-made, project-oriented services in the consulting and software development industries and, in the IT Solutions business area, markets its own solutions or standard software products. The company is listed on all German stock exchanges (ISIN code: DE000A0Z23Q5, WKN [national security identification number]: A0Z23Q).

Management System

adesso AG spearheads adesso Group and defines the strategy and operating targets of all companies contained within it. It manages the legally independent companies in adesso Group using a target-based system and a continuous reporting process and by occupying positions on supervisory boards. As the parent company, adesso AG provides services for the various subsidiaries throughout the group in the areas of accounting, human resources and marketing in the form of shared service centres. A standardised, group-wide reporting system guarantees operative management. Each company in adesso Group prepares full monthly financial statements in accordance with the respective national legal regulations. The key figures used in reporting are sales, EBITDA, earnings before taxes (EBT), EBT margin, number and proportion of employees not operating a full capacity, headcount and net cash position. For the most important key figures, plan data is continuously compared with actual data. All key figures are carried forward and subject to an internal group benchmark. Every quarter, a rolling full-year forecast is prepared for each company in adesso Group in order to identify potential deviations from plan at an early stage. Fixed reporting channels and cycles are defined and there is also a fixed schedule for management meetings. There are no fundamental differences between key figures in each business area's reporting systems.

Research and Development

The lion's share of adesso's sales is attributed to IT Services. Apart from a few exceptions, adesso solutions form the core of project solutions which are then tailored to customer requirements in customer-specific projects. In comparison with group expenses, research expenses in the IT Solutions business area are negligible. No company in adesso Group possesses its own dedicated research department. In 2012, development costs for self-created intangible assets amounting to EUR 0.3 million were recognised as assets on the income statement. In the wake of the discontinuation of development of dynamic.suite in May 2012, development costs recognised as assets amounting to EUR 1.3 million were written off in full.

Economic Report

Macroeconomic Climate and Industry-specific Conditions

Macroeconomic Climate

As anticipated by many economists, economic growth in Germany also slowed down considerably in 2012. After GDP growth of 3.0 % in the previous year, 2012 saw growth of a mere 0.7 %. According to the Federal Ministry of Economics and Technology, the pivotal reasons for this have been weak growth in the global economy and a loss of confidence in the eurozone. In terms of growth generated over the course of the

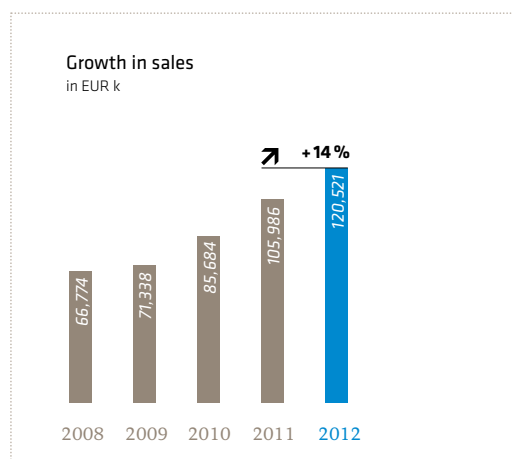
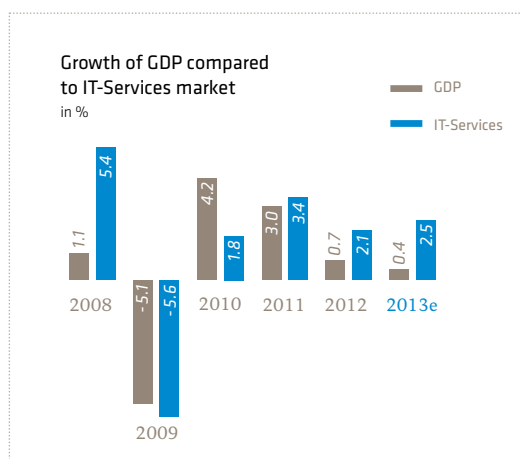
year, Germany is still on better footing than most other economies in the eurozone, whose total economic output shrank by 0.6 %. However, Germany also saw a slowdown in growth from the start of the year into the third quarter, before generating negative growth of -0.6 % in the final quarter. According to the Federal Government, this phase of weak development is only temporary, although a further loss of momentum is forecast for 2013 with growth falling to 0.4%.

Industry-specific Conditions

According to investigations carried out by industry association BITKOM, the German IT products and services market expanded by 2.7 % to EUR 73.4 billion in 2012. Growth has fallen year on year, but the IT market lost less momentum than the economy as a whole and grew almost four times as quickly. The software segment saw the most positive development, with market volume growth of 5.1 % to EUR 17.1 billion. The most important business area for adesso's sales, IT services, also expanded considerably by 2.1 % to EUR 34.9 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 affected the business performance in the reporting period. However, in 2012 the sum of a number of factors led to problematic developments: lower capacity utilisation in the first half of the year as a result of a substantial increase in the headcount in Germany, losses attributed to a major fixed-price project, restructuring expenses in the energy industry as well as discontinuation of development on the dynamic.suite product



family. By contrast, the acquisition of a majority share in Arithnea GmbH at the start of the second quarter of 2012 made a significant contribution to sales and operating result.

Overall Statement on Business Performance by the Management

Both the operating performance of adesso AG and the earnings performance of adesso Group failed to match figures from the previous year. Internal group factors were chiefly responsible for this. By contrast, adesso's target market developed positively. While adesso achieved its targets of operating growth above the industry average, further internationalisation and development of in-house solutions and products and its sales target, it was unsuccessful in meeting its EBITDA and EBT targets and its aim to generate an operating margin and profitability above the industry average. In spite of an extremely good second half of the year, adesso was unable to compensate for the sluggish first six months of the year, meaning that EBITDA of EUR 6.7 million fell short of the target of between EUR 7.2 million and EUR 7.5 million. Earnings before taxes were negatively impacted by EUR 1.5 million as a result of a discontinuation of development on the dynamic.suite, meaning that total earnings before taxes came to EUR 2.4 million and therefore fell short of the target of EUR 5.0 million.

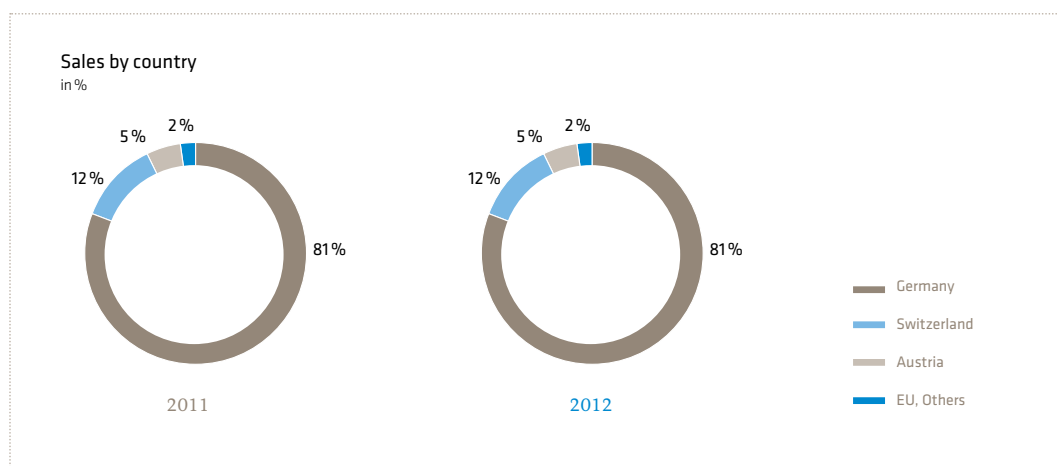
Position

Earnings situation

Growth in Sales

adesso increased its sales from EUR 106.0 million to EUR 120.5 million in financial year 2012, which amounted to sales growth of 14 %. Of this growth, 5 % was organic and 10 % was accounted for by changes in the basis of consolidation, in particular the majority takeover of Arithnea GmbH at the beginning of the second quarter of 2012. With market growth of 2 % for the industry, adesso once again had higher organic growth than the market in 2012. Yet the rate of organic growth is low compared to the previous years. Here, the decrease in sales by EUR 1.9 million in the restructured energy sector has to be taken into account. The remaining business areas were able to expand their activities organically by 6 %.

Sales revenues increased from quarter to quarter within the year. While sales in the first quarter totalled EUR 27.4 million, they reached a new high of EUR 32.7 million in the fourth quarter. This was driven by increasing capacity utilisation, a significant increase in the number of employees due to hiring in the course of the year, higher licensing income from own products, and the integration of Arithnea GmbH into the adesso Group in the second quarter.



All of the growth was generated by the IT Services business area. Sales in the IT Services business area increased by 18 % to EUR 112.6 million (non-IFRS) while the IT Solutions business area remained unchanged at EUR 23.7 million. IT Services therefore accounted for 83 %, an increase over the previous year (80 %). The three adesso subsidiaries in Germany, Austria and Switzerland boosted sales revenues by between 17 % and 30 % in the IT Services business area. Sales in the “Expert Resourcing” area also grew substantially at 16 %. As a specialist for the deployment of e-commerce and content management systems, Arithnea GmbH is assigned to the IT Services business area, contributing to its further growth.

In the IT Solutions business area, Content Solutions was able to maintain licensing and maintenance sales for the in-house high-end content management system FirstSpirit at the high level of the previous year. Mobile Solutions once again boosted its sales by over 30 %. One of the fastest growing areas in IT is mobilising web content and business processes. Here, adesso is a leading provider in Germany with its own in|MOTION technology along with proven expertise in the development of mobile applications. The implementation business with the existing PSLife system for life insurance companies dropped off for project-related reasons.

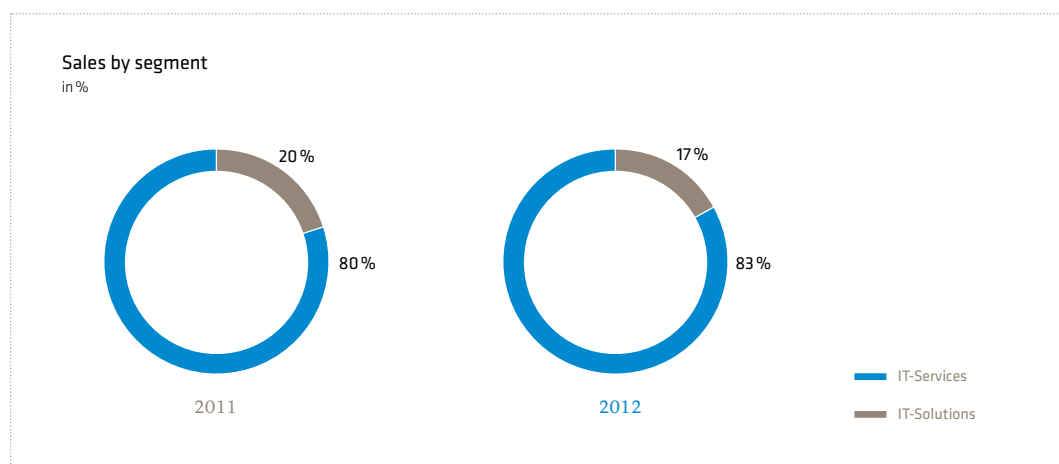
Higher sales were generated in all established core industries including insurance, banking, lottery and healthcare. In the new target sector of public administration, sales remained constant while decreasing by 24 % in the energy industry. The “Other”

business area outside of the core industries grew particularly fast. The Content Solutions and Mobile Solutions business areas as well as the growing business with the Microsoft technologies SharePoint and Dynamics CRM are able to position the products and services in numerous sectors even without detailed industry knowledge. Business Intelligence, which was newly initiated in 2012, serves a similarly broad range of customers. This means that market penetration in the established core industries for adesso can be increased while also serving additional sectors. This effect was further intensified since Arithnea GmbH, with its focus on e-commerce, counts numerous manufacturers and commercial enterprises among its customers.

The export business grew as the adesso subsidiary in Switzerland once again developed favourably and business in Austria increased as well. Product sales to other countries did not increase in 2012. The proportion of export sales remains unchanged at 19 %.

Earnings

At sales growth of 14 %, the average number of employees (FTE) grew disproportionately by 28 % or by 223 employees to 1,007 in 2012. With a lower material usage ratio of 11 % (previous year: 12 %), gross profit per employee decreased significantly by 10 % to EUR 106 thousand (previous year: EUR 118 thousand). Since the employees exceed the importance of all other driving forces by far, both in terms of service provisioning and as a portion of costs, the decrease in gross profit per employee is key to the negative



development of the operating margin in 2012. A number of factors are responsible for this development. In the adesso subsidiary in Germany, which increased its number of employees organically by 25 % to 701, the average capacity utilisation of the consultants and software developers fell – especially during the first six months – and a lower average daily rate was realised. A fixed price project for a long-standing customer resulted in significant losses which had to be compensated as well. The lower capacity utilisation is in part due to the usual lead times for new hires. New areas such as Business Intelligence and Telecommunication were also developed in 2012, with average capacity utilisation that was lower during the ongoing initiation phase compared to the established business. This was compounded by the restructuring phase of the energy sector, which led to high expenditures in the development of own products and in the consulting business.

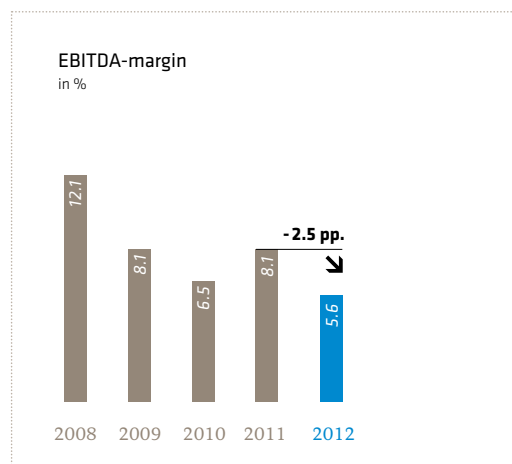
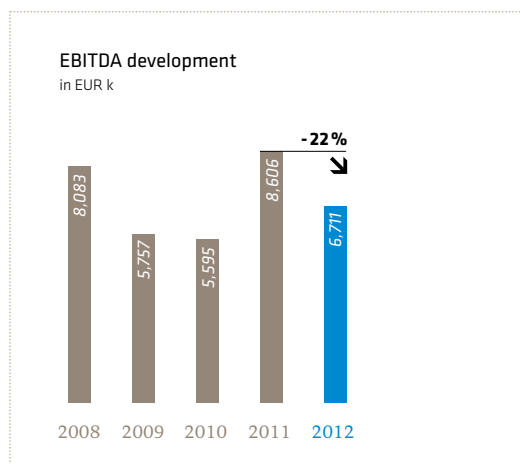
At EUR 2.9 million, other operating income increased by EUR 1.2 million on the previous year. This includes the release of a financial liability at EUR 878 thousand for the elimination of a conditional purchase price increase, which is related to exercising an option under a purchase contract for shares in evu.it GmbH. The purchase price for the 20 % of shares in evu.it GmbH under the option decreased to EUR 0 as a result of losses in the energy sector.

The 4 % increase in cost of materials at EUR 13.8 million (previous year: EUR 13.3 million), mainly for the project integration of subcontractors, was significantly lower than the rise in sales, which grew by 14 %. A higher proportion of sales was therefore

generated with own employees, which is a normal development in view of low capacity utilisation. Gross profit grew faster than sales by 15 % to EUR 106.8 million (previous year: EUR 92.7 million) as a result. Personnel costs, on the other hand, grew disproportionately by 18 % to EUR 77.4 million. Average expenses per employee decreased by 9 % to EUR 77 thousand, in particular due to lower variable compensation and changes to the basis of consolidation; this prevented an even more severe drop in the operating margin.

Other operating expenses increased by 22 % to EUR 25.8 million (previous year: EUR 21.2 million). Most of the increase in other operating income is due to the higher number of employees. Additional office space was leased and high fees for personnel consulting were once again paid. Cost items such as travel expenses, vehicle and training costs totalling EUR 1.0 million in 2012 alone (previous year: EUR 0.5 million) tend to increase proportionally with each employee. Other operating expenses for 2012 included a subsequent purchase price tranche (earn out) of EUR 885 thousand due to the final purchase price allocation from the acquisition of Arithnea GmbH, recorded through profit or loss. Without this item other operating expenses would have increased by 17 %.

Total operating earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased by 22 % or EUR 1.9 million to EUR 6.7 million (previous year: EUR 8.6 million). The operating EBITDA margin is 5.6 % compared to 8.1 %. This means the targets for 2012 were not met.



Income was increased significantly in the course of the year. After a weak first half of the year in 2012 with EBITDA of EUR 1.4 million, the value increased to EUR 5.3 million in the last six months and therefore to a new half-year high for the adesso Group. The clear improvement in results is due to the suspension of development activities and the restructuring measures in the energy sector, which are starting to take effect, significantly improved capacity utilisation in Germany, the conclusion of a fixed price project with severe losses, and higher license sales. Arithnea GmbH being part the adesso Group for the entire year also had an effect. The EBITDA margin was 2.4 % in the first half of the year and 8.3 % in the second.

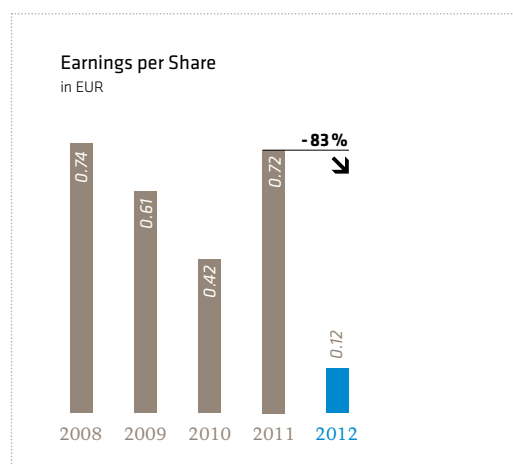
EBITDA (non-IFRS) decreased noticeably over the previous year by EUR 0.8 million or 31 % to EUR 1.8 million in the IT Solutions business area only, while the IT Services business area generated an unchanged EUR 6.3 million. The poor earnings situation of the energy sector business within the IT Services business area was offset by the highly profitable Arithnea GmbH. As expected, Content Management Systems in the IT Solutions business area fell slightly below the record values of the previous year. The EBITDA fell to 5.6 % (previous year: 6.6 %) for IT Services and 7.6 % (previous year: 11.1 %) for IT Solutions.

Depreciation and amortisation increased by EUR 0.7 million to EUR 4.2 million in the reporting period. Planned amortisation on intangible assets such as customer lists and order backlog from mergers increased to EUR 1.4 million (previous year: EUR 1.0 million) due to the acquisition of Arithnea GmbH. Depreciation

on capital assets increased by EUR 0.4 million to EUR 1.2 million. Unplanned amortisation on intangible assets was also recognised in the amount of EUR 1.3 million related to the deconsolidation of dynamicutilities GmbH i.L.

The financial result came to EUR -139 thousand compared to EUR -150 thousand in the previous year. Earnings before taxes (EBT) decreased by 52 % to EUR 2.4 million (previous year: EUR 5.0 million) due to lower operating earnings as well as higher depreciation and amortisation. Income tax expense was EUR 2.5 million (previous year: EUR 1.1 million). Tax expenses increased in particular because the usable deferred taxes on loss carry-forwards for adesso AG were valued at EUR 1.1 million less, leading to a deferred tax expense in this amount. This resulted in negative consolidated earnings of EUR -0.1 million in 2012 compared to EUR 3.9 million in the previous year. Earnings per share amounted to EUR 0.12 compared to EUR 0.72.

The Supervisory Board and Executive Board of adesso AG shall propose an unchanged dividend of EUR 0.18 per share to the Annual General Meeting. Based on the year-end closing price of the adesso share, the dividend yield is 3 % (previous year: 3 %).



Consolidates Income Statement

in EUR k	2012	2011	2010	2009	2008
Sales revenues	120,521	105,986	85,864	71,338	66,774
Other operating income	2,857	1,703	1,350	2,135	2,307
Own work capitalised	290	910	0	0	0
Total income	123,668	108,599	87,034	73,473	69,081
Costs of material	- 13,767	- 13,292	- 9,422	- 7,977	- 6,416
Personnel costs	- 77,426	- 65,454	- 54,604	- 45,372	- 40,149
Other operating expenses	- 25,764	- 21,247	- 17,413	- 14,367	- 14,433
EBITDA	6,711	8,606	5,595	5,757	8,083
Depreciation and amortisation	- 4,154	- 3,454	- 2,934	- 2,760	- 3,579
EBIT	2,557	5,152	2,661	2,997	4,504
Income from financing and investment activities	- 139	- 150	- 203	293	126
EBT	2,418	5,002	2,458	3,290	4,630
Income taxes	- 2,510	- 1,091	34	293	- 352
Consolidated earnings	- 92	3,911	2,492	3,583	4,278
Gross income	106,754	93,695	76,262	63,361	60,358
Gross income margin (in %)	89	88	89	89	90
EBITDA margin (in %)	5,6	8,1	6,5	8,1	12,1
Growth in sales (in %)	14	24	20	7	46
Change in personnel costs (in %)	18	20	20	13	50
Change in other operating expenses (in %)	21	22	21	0	18

Orders

The order volume continued to increase in parallel to sales growth. Demand remained consistently dynamic in the course of the year. With the exception of the energy sector, a slump in demand was not observed in any region, segment or industry. The order backlog on the reporting date is comparable to previous years. Business activities continue at the start of 2013 with the vast majority of the leading customers for 2012. Thanks to a Europe-wide tender won by adesso in numerous partial lots, cooperation for the next two years was assured with a leading customer of the adesso Group in terms of sales.

Employees

The leading performance figures for employees developed as follows:

	2012	2011	2010	2009	2008
Employees at year end	1,138	922	789	652	582
Full time equivalents (FTE) at year end	1,084	847	729	598	529
Full time equivalents (FTE), average for the year	1,007	784	683	573	501
Sales per Ø FTE (in EUR thousand)	120	135	126	125	133
Gross profit per Ø FTE (in EUR thousand)	106	118	112	111	120
Personnel costs per Ø FTE (in EUR thousand)	77	83	80	79	80

Financial Position

Financial Management Principles and Objectives

adesso pursues a balanced financial policy. The objective of financial management is to assure short-term liquidity, including a margin of safety, as well as securing and acquiring financial assets to fund medium- and long-term investment projects. In principle, the company does not enter into transactions with speculative elements. There are no variable interest rates on investments. The maximum investment term is nine 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 at the level of daily account clearing has not been set up. Bank borrowing is centralised with the parent company. The account balances and financial position of all companies are transparent to the group's Executive

Board, and constitute a standard element of the monthly reporting system. Off balance sheet financing, such as leasing, is utilised to a minor extent only. Company vehicles as well as office furnishings and equipment are leased. 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 29.3 million (previous year: EUR 22.7 million). Working capital is EUR 22.0 million as of 31 December 2012 (previous year: EUR 14.5 million). Advance financing of business operations has therefore increased by 52 %, tying up liquidity. A loan of EUR 5.0 million was taken out in the course of an acquisition in 2012. Like all current bank loans, it has a total term of five years and is paid back in instalments. The favourable balance sheet structure of adesso and the lower overall interest level resulted in a competitive interest rate of 2.3 %. No special guarantees were granted for the loan. The portfolio of interest-bearing financial liabilities increased from EUR 4.9 million in the previous year to EUR 7.7 million on the reporting date. Since a loan with an interest rate of 5.7 % was fully redeemed and a new loan taken out at 2.3 %, the average interest rate on this portfolio has fallen. The remaining terms of the loans on the reporting date range from 14 months to four 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 liabilities) is EUR 13.7 million (previous year: EUR 17.6 million).

Investments, Acquisitions and Divestments

The adesso business model requires relatively low investments in capital assets. The capital assets of EUR 2.0 million (previous year: EUR 1.4 million) largely consist of hardware such as laptops and servers as well as office furnishings. There are no significant subsequent obligations from capital asset investment projects as of 31 December 2012, and no investment backlog to report. Two significant investments were realised in the reporting period.

The acquisition of 51 % of the shares in Arithnea GmbH, Neuberg near Munich, led to a purchase price payment of EUR 4.1 million in the reporting period. Thanks to the highly successful business development of Arithnea GmbH in its deviating 2011/12 financial year, which is used for the measurement of a conditional purchase price payment (earn out), an additional payment of EUR 1.1 million will be payable in 2013. The group received the liquid assets of Arithnea in the amount of EUR 2.6 million at the time of the acquisition. The development of

dynamic.suite until May of 2012 led to negative contributions to earnings in the amount of EUR -0.7 million and corresponding outflows of liquidity until further development of the project was cancelled. Further details regarding the balance sheet impact are provided in the consolidated notes.

adesso hosting services GmbH was founded as another subsidiary of adesso AG at the end of 2012. adesso AG holds 51 % of this company; the remaining shares are held by Adacor Hosting GmbH, Essen, co-founder of the company. The founding and payment of the full capital stock of EUR 0.1 million was realised in December of 2012, with entry in the commercial register in January 2013. Business operations commenced in January 2013. 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. This opens up additional business models for adesso, for example running applications on behalf of customers. adesso hosting services GmbH is based in Dortmund.

Liquidity

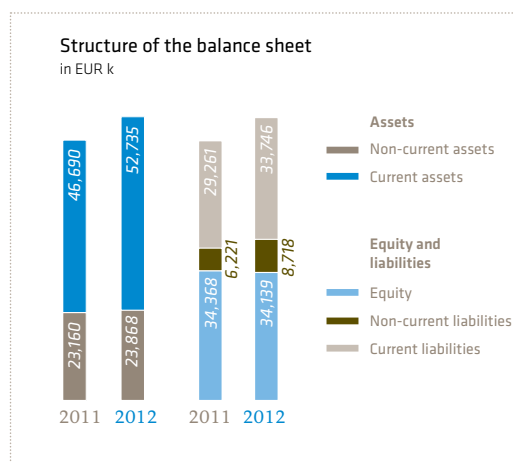
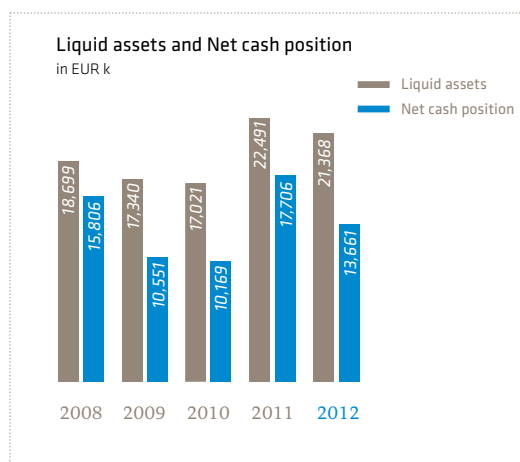
Cash and cash equivalents total EUR 21.4 million on the reporting date (previous year: EUR 22.5 million). They are partly offset by interest-bearing liabilities, mainly from several acquisition loans, in the amount of EUR 7.7 million (previous year: EUR 4.9 million). Net liquidity (liquidity less interest-bearing liabilities) is EUR 13.7 million (previous year: EUR 17.7 million).

Cash flow from operating activities dropped noticeably to EUR 1.0 million (previous year: EUR 10.2 million). This decrease is largely due to lower earnings with higher tax payments, and

especially the working capital increase of EUR 7.5 million. The change to net operating assets tied up an additional EUR 3.7 million after EUR 1.5 million was released here in the previous year. Cash flow from investment activities was EUR -3.3 million (previous year: EUR -1.9 million). Investments of EUR 1.5 million (previous year: EUR 1.0 million) in capital assets for the acquisition of new hardware and software as well as office furnishings and equipment increased due to growth. A reduced amount of EUR 0.4 million (previous year: EUR 1.0 million) was paid out for investments in intangible assets, especially in the form of developing own capitalised software products since the development of dynamic.suite was cancelled. The net cash effect from the acquisition of Arithnea GmbH led to an outflow from investment activities of EUR 1.5 million. Cash flow from financing activities was EUR 1.2 million (previous year: EUR -2.9 million). The positive financing contribution was largely the result of taking out a new loan of EUR 5.0 million, regular redemption payments on financial liabilities in the amount of EUR 2.9 million (previous year: EUR 2.0 million) and the dividend payment of EUR 1.1 million (previous year: EUR 0.9 million).

The availment of approved lines of credit with several banks totalled EUR 1.7 million, which is EUR 0.8 million more than in the previous year. The additional credit line applies to Arithnea GmbH. There was no availment of credit lines on the reporting date.

Cash and cash equivalents decreased by EUR 1.1 million overall, compared to an increase of EUR 5.5 million in the previous year.



Cash at bank and financial liabilities

in EUR k	Cash at bank	Change in %	Financial liabilities	Change in %
2008	18,699	61	7,412	- 11
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

Development of liquidity

in EUR k	2012	2011	2010	Veränderung 2012
Liquid assets	21,368	22,491	17,021	- 1,123
(-) Interest-bearing liabilities	7,707	4,785	6,852	2,922
(=) Net cash position	13,661	17,706	10,169	- 4,045
Net cash position in relation to sales	11 %	17 %	12 %	- 6 %-pp.
Liquid assets	21,368	22,491	17,021	- 1,123
(+) Trade accounts receivable and receivables PoC	29,306	22,718	20,285	6,588
(-) Current liabilities	33,746	29,261	23,921	4,485
(=) Net cash position 2	16,928	15,948	13,385	980

Financial position

in EUR k	2012	2011	2010	2009	2008
Liquid assets	21,368	22,491	17,021	17,340	18,699
Interest-bearing liabilities	7,707	4,785	6,852	6,789	2,893
Net cash position	13,661	17,631	10,169	10,551	15,806
Cash flow from operating activities	1,004	10,188	4,209	2,311	8,400
Cash flow from investment activities	- 3,308	- 1,876	- 573	- 5,254	- 687
Cash flow from financing activities	1,156	- 2,888	- 4,034	1,579	- 751
Currency translation differences	25	46	79	5	140
Total change in liquid assets	- 1,123	5,470	- 319	- 1,359	7,102
Income from financing	- 139	- 150	- 203	293	126

Cash and cash equivalents include larger amounts, typical for the business, which will be paid out in the first few months of 2013. Variable compensation payable in the first quarter of 2012 is the biggest item. Overall, the liquidity of the adesso Group is adequate to carry on current business operations for the planned redemption of liabilities and to compensate for ordinary fluctuations in capacity utilisation.

Net Assets

Analysis of the Asset Structure

Total assets on the reporting date increased by 10 % or EUR 6.8 million to EUR 76.6 million (previous year: EUR 69.8 million). On the assets side, trade receivables and the value of work in progress accounted for the bulk of the increase at a total of EUR 6.6 million. The increase in non-current assets was far less at EUR 23.9 million compared to EUR 23.2 million in the previous year. Planned amortisation on intangible assets from purchase price allocations as well as the revaluation of deferred taxes for the utilisation potential of loss carry-forwards have had an impact here. On the liabilities side, current and non-current liabilities increased mainly due to a new loan while equity remained virtually unchanged at EUR 34.1 million (previous year: EUR 34.4 million). The equity ratio therefore fell to 44.6 % compared to 49.2 % 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.

Pre-tax earnings are not a general financial performance indicator of adesso for the internal control of the group. The forecast for 2012 was included in the presentation for better comprehension. 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 2012. On 3 January 2013, rku.it GmbH exercised its put option relating to 20 % of the shares in evu.it GmbH. This means that adesso is obliged to purchase a further 20 % of evu.it GmbH and therefore increase its stake to 80 %. The purchase price is set to amount to EUR 0.

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. In comparison to 2012, adesso is aiming to strike a better balance between growth and profitability. 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 FirstSpirit product sales and further growth at subsidiaries in Austria and Switzerland. In terms of the adesso subsidiary currently being established in Turkey, sales are only expected to be generated from 2014 onwards.

Future Macroeconomic Situation

With annual GDP growth of 0.7 %, the German economy lost a substantial amount of momentum over the course of 2012 and even slipped into negative growth in the fourth quarter. According to the Federal Government, a notable slowdown in the global economy coupled with growing uncertainty among market participants as a result of high levels of debt held by industrialised nations are the factors responsible for this weak development, something that also negatively impacted investment propensity in the German economy. However, the stabilisation in the international environment both on the financial markets as well as in terms of the real economy has strengthened confidence among businesses and consumers alike. On

Multi-period view of assets and liabilities

in EUR k	2012	2011	2010	2009	2008
Balance sheet total	76,603	69,850	62,320	58,883	55,818
Current assets	52,735	46,690	38,907	35,260	38,282
of which liquid assets	21,368	22,491	17,021	17,340	18,699
of which trade accounts receivable and receivables PoC	29,306	22,718	20,285	16,441	14,284
Non-current assets	23,868	23,160	23,413	23,623	17,536
Current liabilities	33,746	29,261	23,921	22,168	26,005
of which loans and other financial liabilities	4,482	2,236	2,173	2,976	5,288
of which trade accounts payable and liabilities PoC	7,284	8,205	5,771	5,956	7,342
Non-current liabilities	8,718	6,221	7,497	7,868	4,472
Equity	34,139	34,368	30,902	28,847	25,341

Financial performance indicators

	2012 target	2012 actual	Target corridor
Growth in sales (organic)	5 % to EUR 110 to 112 million	EUR 120.5 million (EUR 110.5 million organic)	At least twice industry growth
EBITDA	EUR 7.2 to 7.5 million	EUR 6.7 million	-
EBITDA margin (indirect)	6 % to 7 %	6 %	9 % to 11 %
Earnings before taxes (EBT)	EUR 5.0 million	EUR 2.4 million	-

the basis of the gradual improvements in economic indicators, the Federal Ministry of Economics and Technology is only forecasting a short period of weak development that will be overcome over the course of 2013. In 2013, gross domestic product is set to grow further, however, due to the weak winter period, the increase will remain moderate at around 0.4 %. With the increasing recovery experienced throughout the global economy, the competitive German economy should gain more momentum over the course of the year. A return to stronger growth of 1.6 % is expected in 2014.

Based on information provided by an expert group commissioned by the government, the Swiss State Secretariat for Economic Affairs SECO is expecting moderate GDP growth in Switzerland of 1.3 % in 2013, which should be consolidated at 2.0 % in 2014. On the basis of forecasts published by the Austrian Institute of Economic Research and the Institute for

Advanced Studies, the Austrian Economic Chambers (WKO) is anticipating growth in Austrian GDP of 1.0 % and 0.8 % respectively in 2013 and 1.8 % in 2014.

As a result, 2013 will once again offer a sluggish macroeconomic climate for adesso which, in view of current development, poses significant risks. However, due to central banks' monetary policy which has been supportive 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 2013 and 2014.

Future Industry Situation

According to industry association BITKOM, the IT market in Germany continues to progress far more positively than the economy as a whole. With market volume of EUR 73.4 billion in 2012, the 2 % growth rate expected in 2013 is significantly

above that of GDP as a whole. Within the IT sector, BITKOM anticipates that the software segment will experienced significantly stronger growth of 4.6 % than the adesso-relevant IT services segment, which is only set to grow by 2.5 %. According to forecasts, the services and software segments of the IT market relevant for adesso are highly likely to develop positively in 2013. Internally, adesso is anticipating growth of 3 % in 2013 in relevant markets in the DACH region. Similar figures are expected for 2014.

Anticipated Sales and Earnings Situation

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

Based on anticipated economic growth of 3 % in relevant segments of the IT market as well as on internal calculations, the adesso management is expecting the following in 2013:

- ▶ An increase in sales revenues of between 7 % and 9 % to between EUR 129 million and EUR 131 million (2012: EUR 121 million).
- ▶ The operating EBITDA margin is to rise to between 5.8 % and 6.1 % (2012: 5.6 %).
- ▶ The operating result, EBITDA, is expected to amount to between EUR 7.5 million and EUR 8.0 million (2012: 6.7 million) and therefore increase by between 12 % and 19 %.

This growth, which is significantly above the industry average, is expected to predominantly originate from the IT Services business area. This includes a contribution of up to 3 % through the full-year inclusion of Arithnea GmbH (previous year: three quarters). The expansion of the headcount by 25 % in the adesso subsidiary in Germany in 2012 also led to rising sales expectations.

The increase in the operating margin is based on expectations that the restructuring of the energy industry successfully takes effect and margins at subsidiaries in Germany and Austria can be increased. Stronger growth in terms of the EBITDA margin toward the target of between 9 % and 11 % is to be hindered by scheduled start-up losses from the entry into the US market and further internationalisation in the IT Solutions business area. In addition, the establishment of the subsidiary in Turkey and the marked declines in sales as a result of an unusually high number of employees on sick leave caused by a flu epidemic in January and February 2013 will also negatively impact the margin.

For 2014, 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 2013 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 company of extremely high strategic value for adesso would there be any deviation from this strategy.

On this basis, the Executive Board is to continue pursuing the current dividend policy. If the profit targets can be achieved to a large extent, the Executive Board will strive to increase the dividend. The dividend proposed for 2013 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. In addition, key figures such as sales per employee, available liquidity, resources not at full capacity, order intake and order backlog are also recorded. 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 if they were to come to fruition 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 as a product of probability of occurrence and the amount of loss and forms the basis for the relevance of the risk. 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

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 result. In 2012, the two halves of the year were very different. For example, almost the entire operating profit was generated in the second half of the year and the full-year target was not reached. General expectations in terms of economic development in 2013 are cautiously optimistic. At the moment, it is more difficult to assess demand than it has been in previous planning periods. In the IT Services business area, capacity utilisation is expected to increase on average in 2013. 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. This risk factor will increase in significance in comparison

with the previous year due to the more positive forecast in terms of capacity utilisation, even though general economic risks are anticipated to fall as a result of further stabilisation of the financial crisis in the eurozone. 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 business area pursues a product strategy. In this business area, even standard solutions developed by adesso are sold and implemented through licensing with maintenance contracts. While maintenance contracts represent a relatively stable basis for sales, the achievement of targets and the result 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 companies in adesso Group. 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 factor is also set to increase in 2013 in the IT Solutions business area, as a substantial volume of investment will go toward further internationalisation in regions such as the USA, Scandinavia, the UK and Switzerland. Based on internationalisation planning, seven-figure licence sales are already anticipated from new international customers. However, planned sales in new regions are hampered by increased uncertainty.

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 every quarter detailing anticipated 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.

Project Risks

In the event of the budgeted time frame and costs being exceeded, fixed-price projects can lead to project-related losses. Budget deviations are identified and analysed constantly during every fixed-price project. There is also an escalation mechanism that extends to the Executive Board. As of the reporting date, there were several cases in which customers refused to accept delivery. Two customers claimed back payments that had been made totalling over EUR 0.5 million. Several projects presented for customer approval have not yet been formally accepted by the customer. However, as there has been no case of refusal to accept delivery, this delay

is not unusual for standard business operations. The backlog of fixed-price projects that have yet to be invoiced in full rose year on year. Project risks are anticipated to have increased, as there have been several cases of refusal to accept delivery and claims for repayment and one extensive, high-loss fixed-price project in Germany, which led to substantial negative effects in 2012.

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 assessments of work that is still to be completed are used to calculate the level of completion. By comparing the level of completion and the remaining expenses, any potential budget deviations can be identified at an early stage. Projects that are given "overspend" status where it is likely that the budget will be exceeded 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. Project risks exist in both business areas to the same extent.

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 an ever-increasing demand surplus from the companies. 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 combatted through active recruiting, strategies to intensify employee loyalty and excellent career prospects in a prospering company.

Employee turnover remained at a stable level that is average for the industry in 2012. The risk of the lack of availability of experienced employees as well as risks 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.

Risks from the Development of New Products and Solutions

In 2011 and 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 2011. This risk mainly affects the IT Solutions business area. Development of the dynamic.suite, the company's single most important development, was stopped in the middle of 2012; investment made thus far has been written off. While this signifies the relevance of this risk, it has declined year on year as a result of the substantial decline in development work, which is now confined to several small-scale projects.

Other Relevant Risks

Risks from Business Activities in other Legal Systems

adesso Group continues to expand internationally and enter new legal systems. This strategy presents potential risks in both business areas from lack of knowledge of legal affairs and practical business operations. However, as of the reporting date, the IT Solutions business area was more exposed to these risks

than the IT Services business area, after e-Spirit AG established a new company in the USA known as e-Spirit Inc. based in Delaware with offices in Boston. In the USA, the risk of product manufacturers taking legal action is greater than it is in Germany. The German management team lacks 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. In the IT Services business area, adesso is set to launch a subsidiary in Turkey. It is to be ensured that a management team is in place that has experience of the local market, however, the company will also be exposed to lack of knowledge of Turkish law. In view of the marginal scope of business compared with the rest of the group, this risk is still classified under other relevant risks at the current time.

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 2012, the largest customer accounted for 8 % (previous year: 8 %) of total sales. A total of 33 % of overall sales were generated from adesso's 10 largest customers (previous year: 37 %). Risks from the customer structure have been falling as a result of adesso's growth. The assessment of this risk remains the same as the previous year and is still classified under the group's other relevant risks. However, the abrupt loss of one 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.

Risks from Regulatory Law

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

its entire workforce with the fulfilment of the legal obligations of a listed company. As a consequence, adesso has established a Compliance Officer, set up an insider directory and continuously reviews incidents that could lead to insider trading or result in an imbalance of information on the capital market.

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 Article 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), the maximum penalty for such breaches of the law is a fine of up to EUR 1 million, depending on their severity. adesso has issued a full statement on the allegations and contradicted BaFin's version of events through its legal representative. In this regard, adesso AG is unaware of any further procedures on the part of BaFin.

Financial Risks

The risks posed by the financial situation and liquidity have increased. In spite of ongoing repayments in 2012 amounting to EUR 3.0 million, interest-bearing liabilities have increased as a result of the assumption of a further acquisition loan of EUR 5.0 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. 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, e-Spirit UK Ltd., which conducts business in British pounds and e-Spirit Inc., which operates in the US dollar currency area. These companies process the majority of their business in the respective national currency. No currency hedging transactions were carried out.

adesso AG's loss carryforwards 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. Non-recognition would mean that adesso AG's loss carryforwards for trade tax and corporation tax purposes would expire either in part or in full. Tax expenses in adesso AG's 2012 annual report would increase by EUR 783 thousand

(previous year: EUR 913 thousand) without the utilisation of loss carryforwards and, since the loss carryforwards have been utilised, by a total of EUR 4,681 thousand. If adesso's financial administration does not recognise this tax benefit, this amount would have to be reported in the income statement and paid out less interest on arrears of approximately EUR 0.4 million (calculated as of 31 December 2012). In addition, the carrying amount as of 31 December 2012 of deferred tax assets of EUR 5.0 million would have to be reversed on the income statement, which would have substantial negative implications for adesso AG's asset, financial and profit situations.

evu.it GmbH's loss carryforwards existing for trade tax and corporation tax purposes as of its acquisition (April 2010) 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 Article 8c (1) Sentences 6 – 9 Körperschaftsteuergesetz (KStG – German Corporation Tax Act) at all or to the full extent. Non-recognition would mean that the companies' loss carryforwards existing for trade tax and corporation tax purposes as of the acquisition would expire either in part or in full. Tax expenses in avu.it GmbH's 2012 annual report would increase by EUR 0 thousand (previous year: EUR 0 thousand) without the utilisation of loss carryforwards and, since the loss carryforwards have been utilised, by a total of EUR 242 thousand. As of the reporting date, the carrying amount of evu.it GmbH's loss carryforwards existing as of the acquisition totalled EUR 34 thousand. There were no notable risks from financial instruments.

Overall Statement Concerning the Group's Risk Situation

The overall risk profile of adesso has increased year on year. The main reasons for this are the reduction in the net cash position, increased risks as a result of internationalisation, increased project and planning risks as well as a real risk from regulatory law. In contrast, the risk profile was improved by reducing investment in the development of adesso products. 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 (Industry Groups), on the assessment of new technological developments and on the evaluation of

the suitability of other industries (Strategy Group). 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 2013, there will be a wide range of further opportunities to expand business activities and increase profits. The Business Intelligence and Telecommunication areas launched in 2012 have the potential to generate additional business in Germany. The adesso platform drebis is to be expanded to include vehicle damage claims in the automotive sector (previously only legal protection). Marketing activities for the PSLife system in the life insurance industry will be stepped up in 2013. One of these measures has been the appointment of a dedicated manager in order to speed up the positioning of the product on the market. Newly founded adesso hosting services GmbH expands adesso's portfolio with new hosting and cloud services and also offers adesso a basis for operator models. The restructuring of the energy industry has substantial potential to increase profits in comparison with the previous year.

The intensification of product internationalisation strategies in the UK, Scandinavia 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 is also planning to enter the Turkish market, one of the most dynamic regions in the world.

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 extensive 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 documentation.

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 quarterly 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 Article 315 (4) HGB and Article 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 not authorised to acquire its own shares through adesso AG. As of the reporting date, adesso AG itself held none of its own shares. In addition, we are not aware of any other restrictions with regard to voting rights. In principle, there are no restrictions in respect of the transfer of adesso shares. As of 31 December 2012, 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 2012, founding shareholder and Supervisory Board Chairman Prof. Dr. Volker Gruhn held 29.9 % of share capital through a company he controls. Rainer Rudolf, who was a member of the Executive Board until 30 September 2011, held 19.4 % of share capital at the time of his departure. As of his voting rights announcement, Ludwig Fresenius held 10.1 % of share capital. Please see the notes to the annual report and the consolidated financial statement 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 part of the website at 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 Articles 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 Articles 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 (Article 289a 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 Article 289a HGB. Both the Declaration of Conformity and the Corporate Governance Report are available at www.adesso-group.de (Investor Relations > The 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. Alongside basic remuneration, the adesso AG Executive Board also receives a performance-related component depending on the achievement of sales and operating result targets at both an adesso AG level and a group level. One component of the performance-related remuneration is contingent on the achievement of a fixed minimum result, another on the level of target achievement targets over the course of the previous financial year and a further component on the level of target achievement over the course of the last four years and the current year. Another component of the Executive Board's variable remuneration is share-based in the form of share options. The Executive Board is part of the company-wide share option scheme that is available to many employees. Some Executive Board members have been assigned phantom shares as part of a long-term incentive plan which bear a dividend through the Executive Board member's salary and, after a holding period, provide the Executive Board member with a return value, depending on the price of adesso shares. 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.

Please see the notes for more information on remuneration, such as the amount and structure of the company's Executive Board and Supervisory Board remuneration.