

## 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.

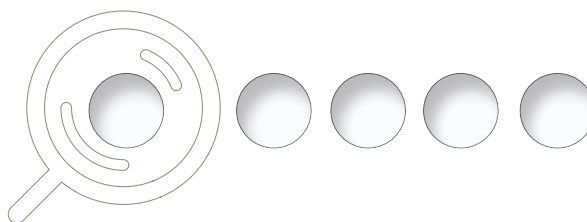
adesso recognized early on that the market for IT services is in transition, Customers are demanding partners who are not only experts in IT but also in their customers' specific industries. To this end, adesso offers customers significant added value which is important for securing a position as a premium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

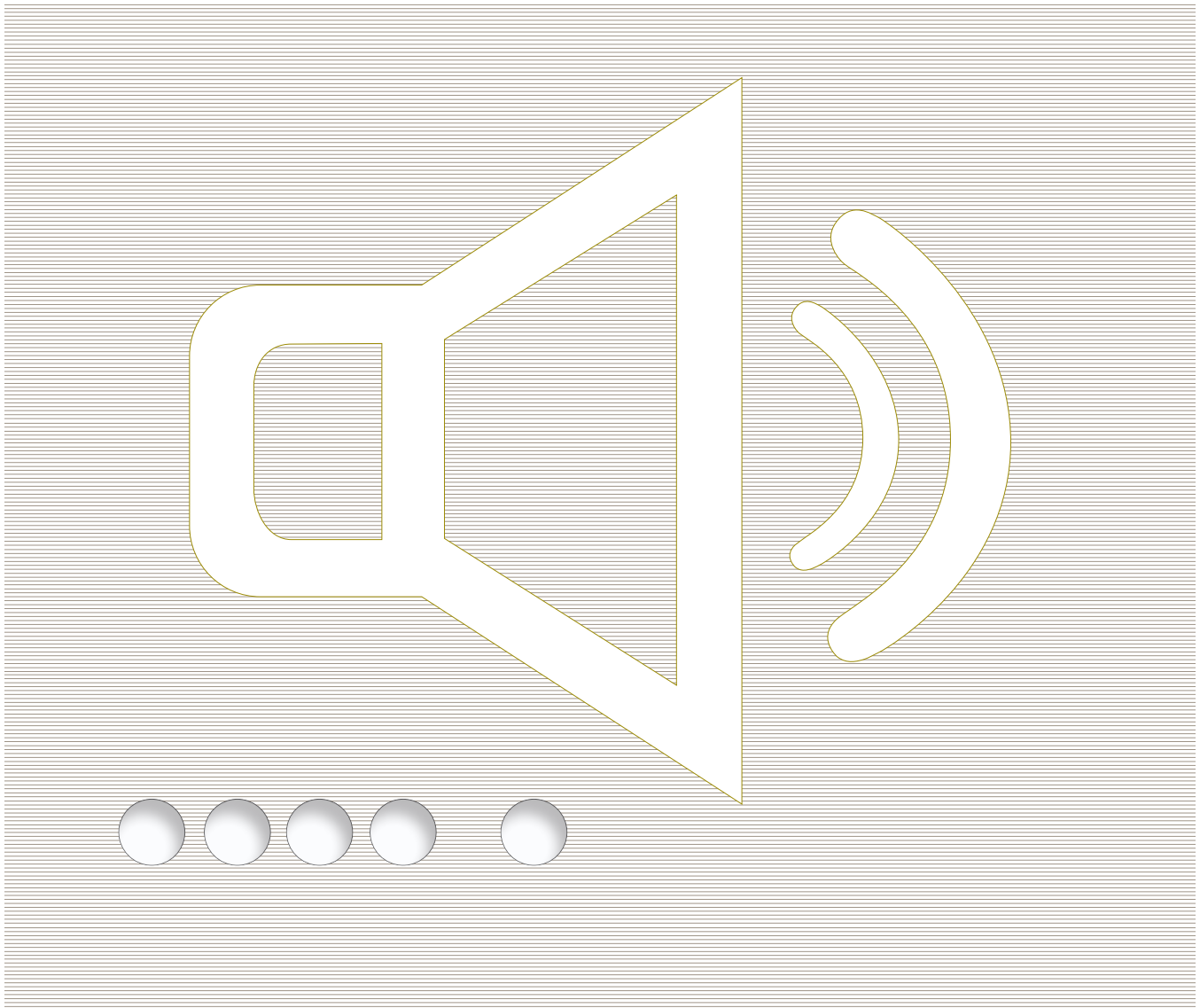
### **adesso takes projects to the next level.**

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

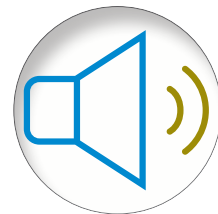




→ “A structured claims management system for electronic **communication** between law firms and insurance companies without media disruptions would make the work of the case handler significantly easier. What’s more, processing could be speeded up, something that ultimately can only benefit lawyers and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



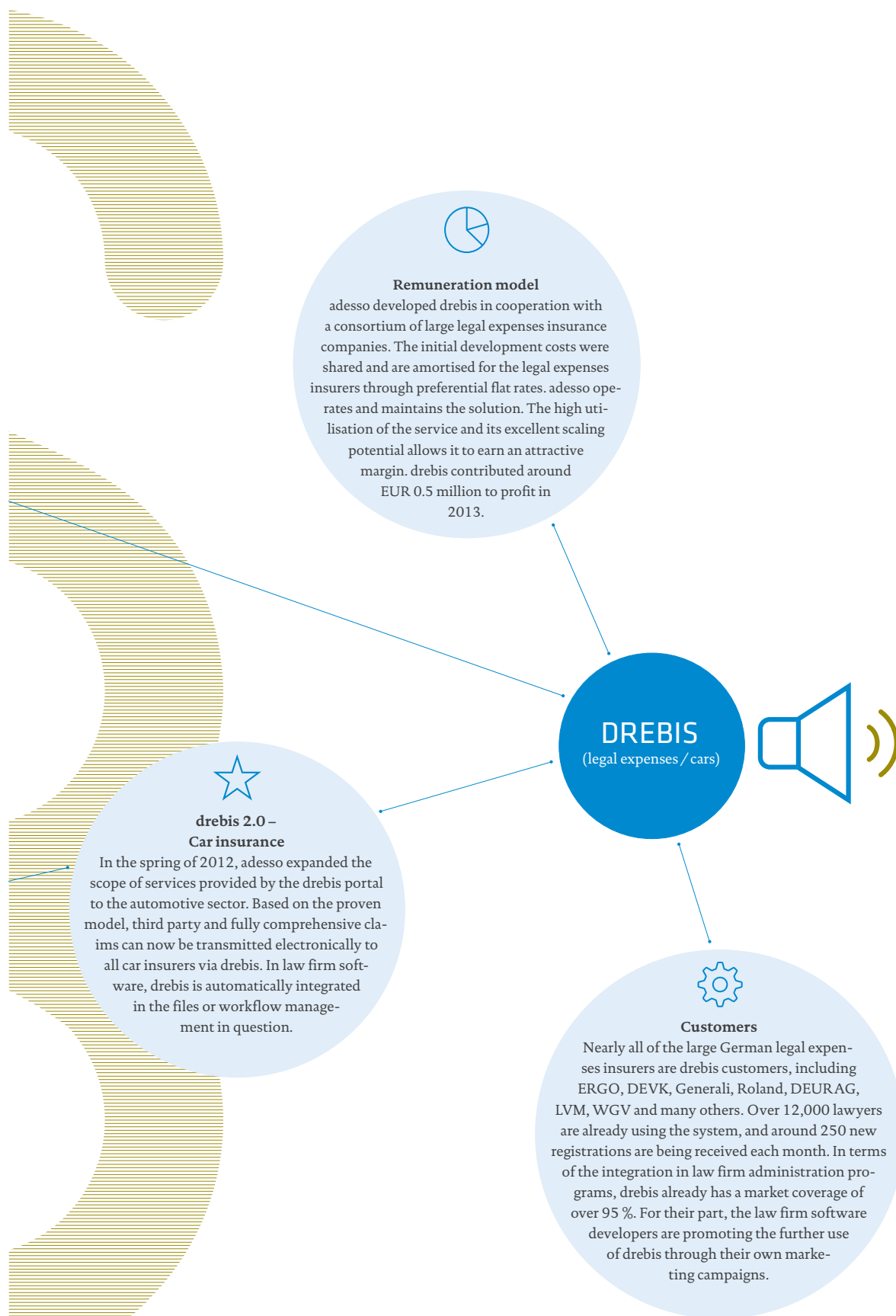
#### Case figures

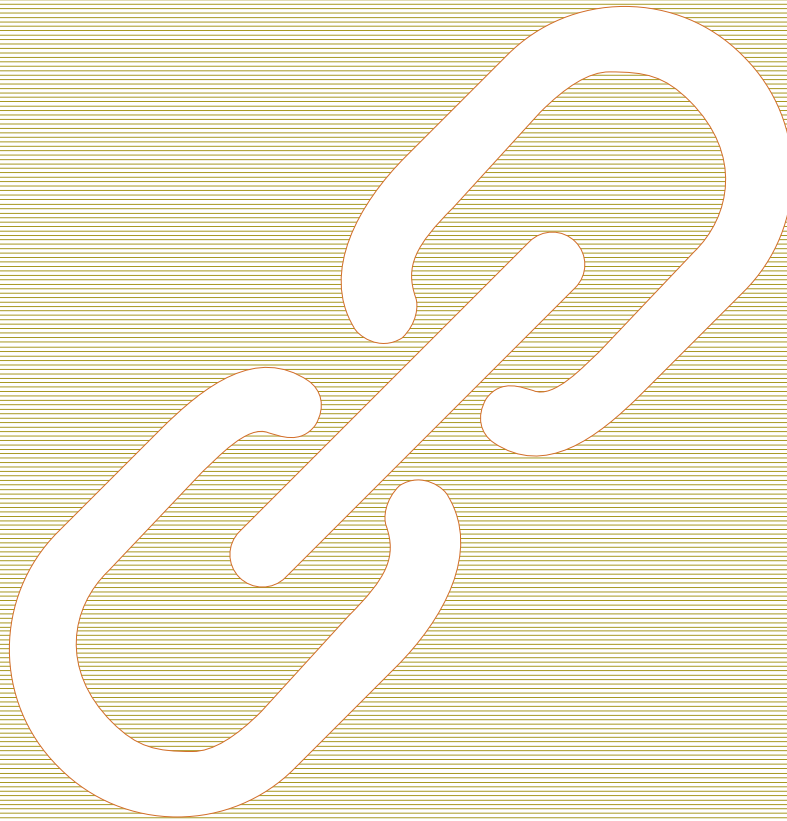
Around 14,000 legal expenses cases a month are now communicated via drebis, and the trend is increasing. adesso works with 60 % of the insurers on the legal protection market. Eminently scalable, the solution provides great benefits to legal expenses insurers, and regular marketing activities and incentives 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

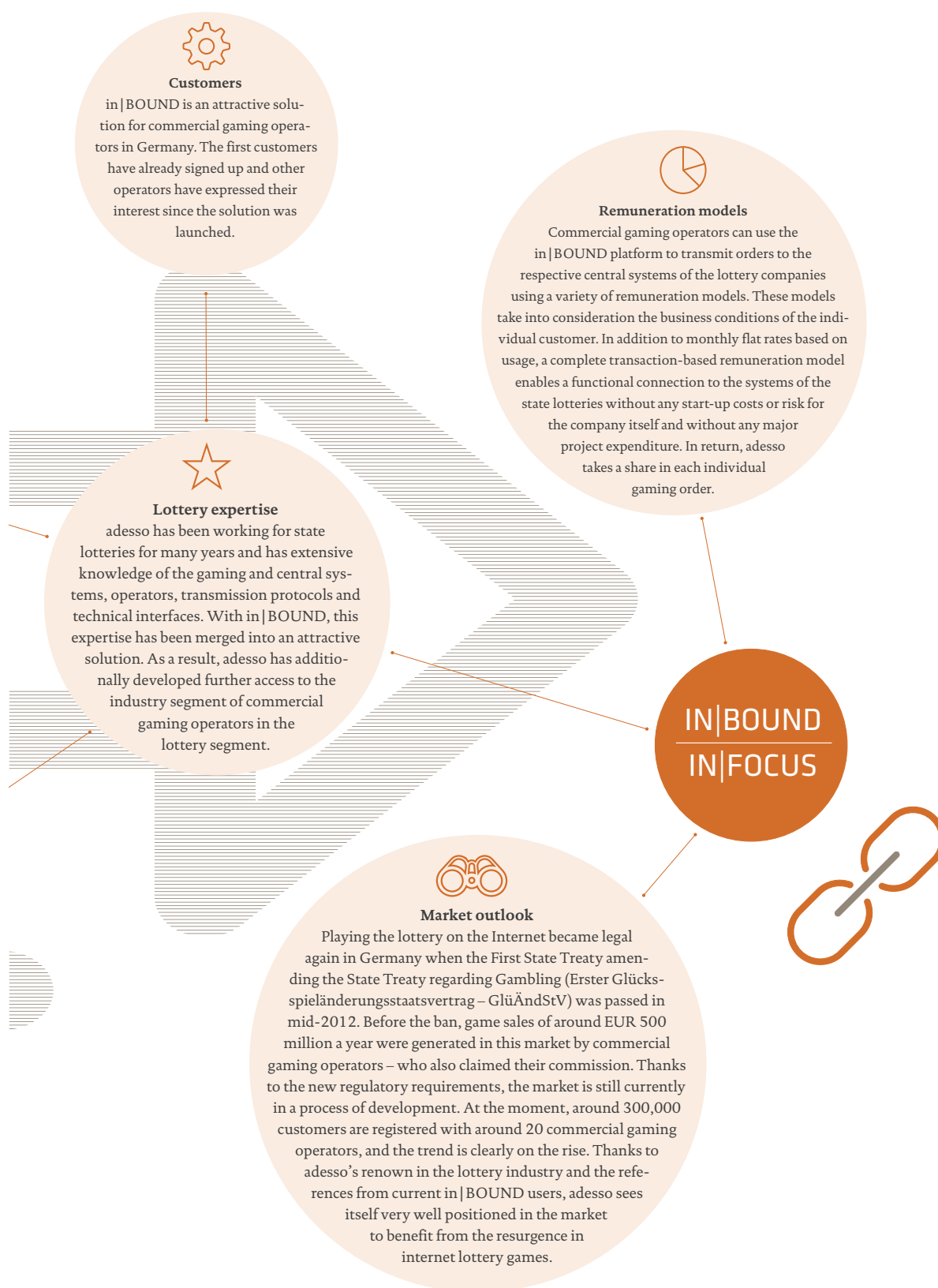
adesso has already licensed its significantly more extensive in|FOCUS solution to several state lottery companies, as they can easily use it to expand their traditional sales channels. Like in|BOUND, in|FOCUS solves typical interface problems, but with the focus on the gaming operator that is looking 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.

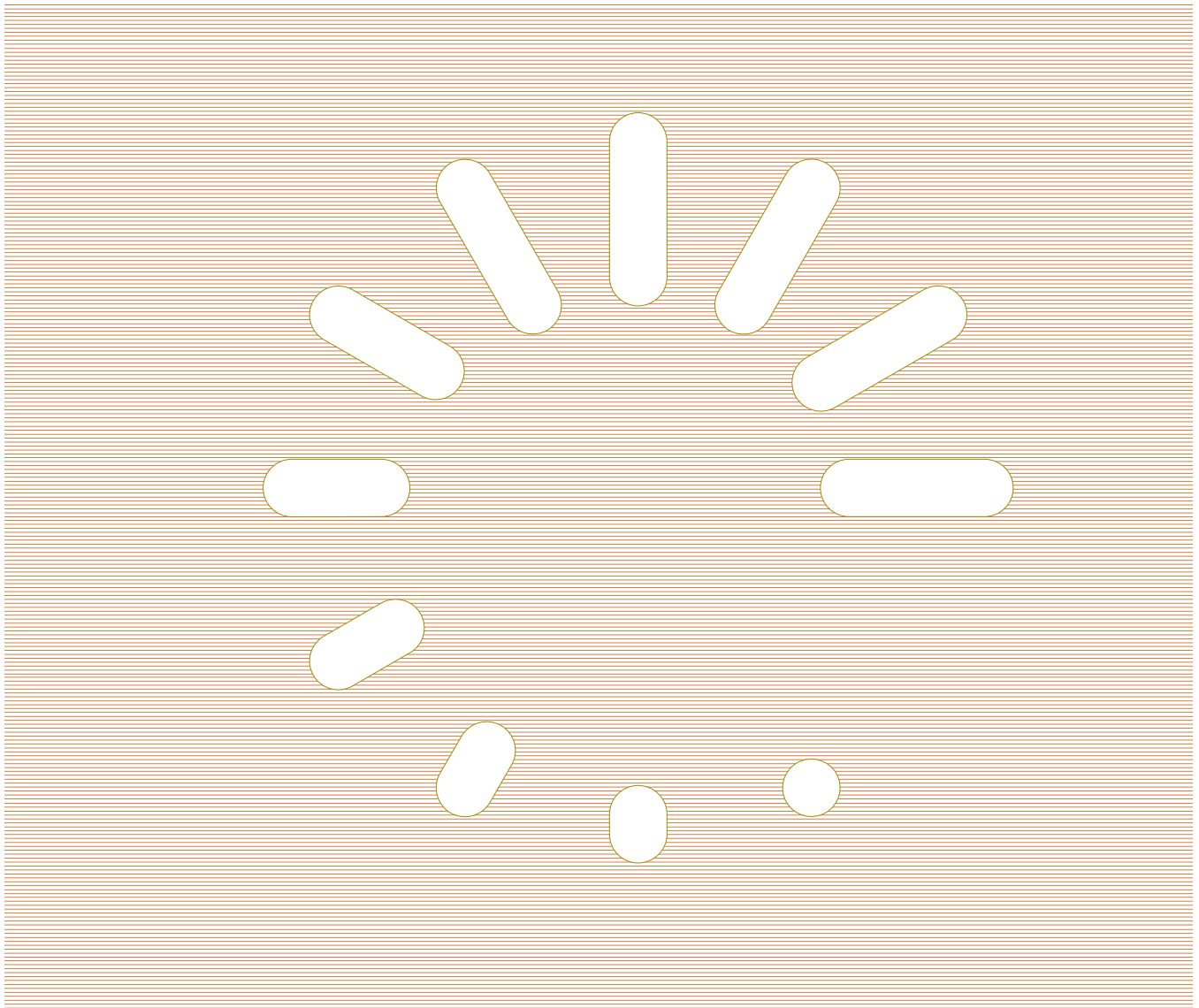


#### Technical implementation

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.

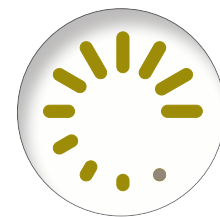






→ “The classification and qualification of paper - based or electronic damage claims regularly generates a great deal of administrative work on the part of case handlers at insurance companies. The **categorisation** for the actual processing is based here in many cases on recurring patterns. If these 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. —



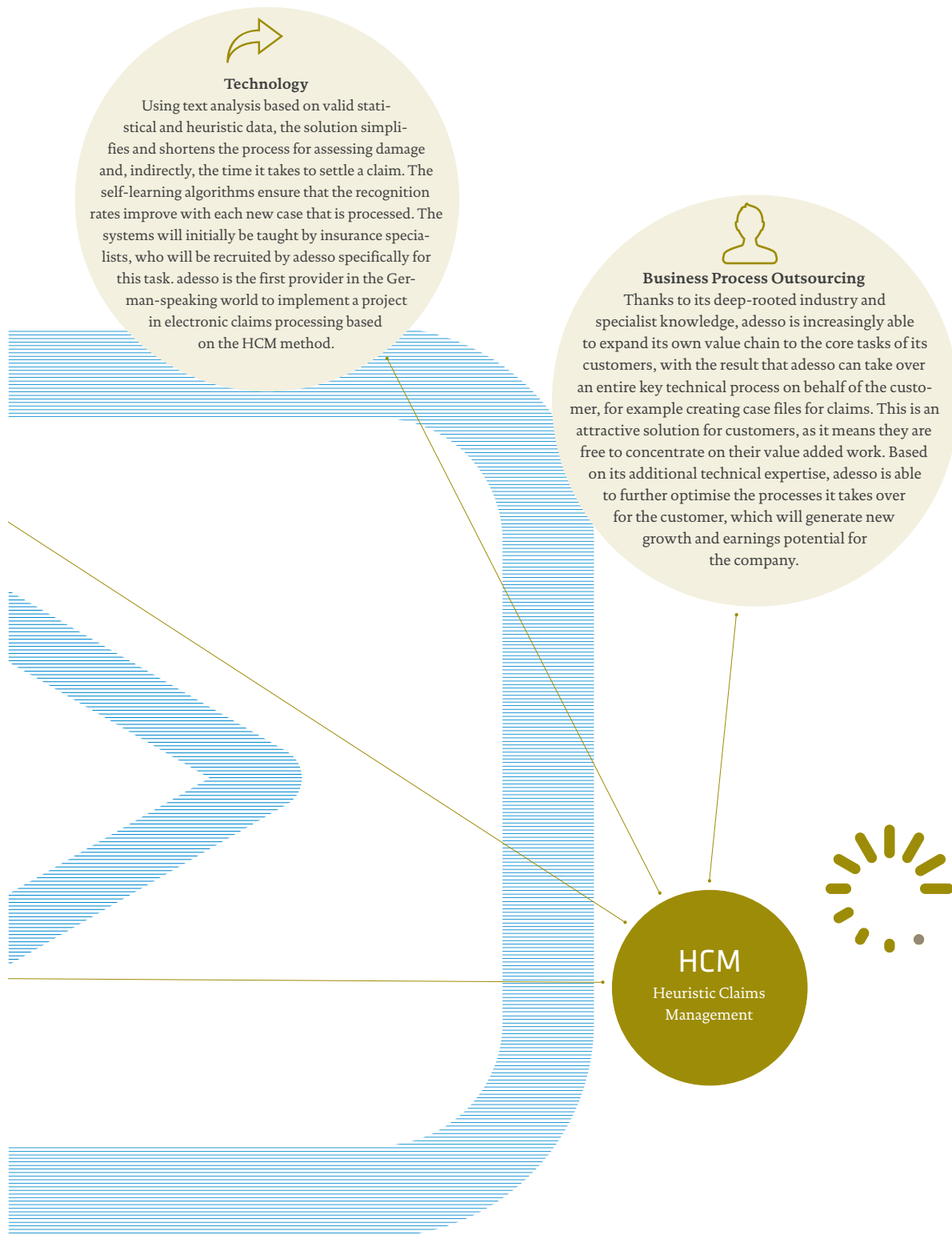
#### New type of premium for IT services

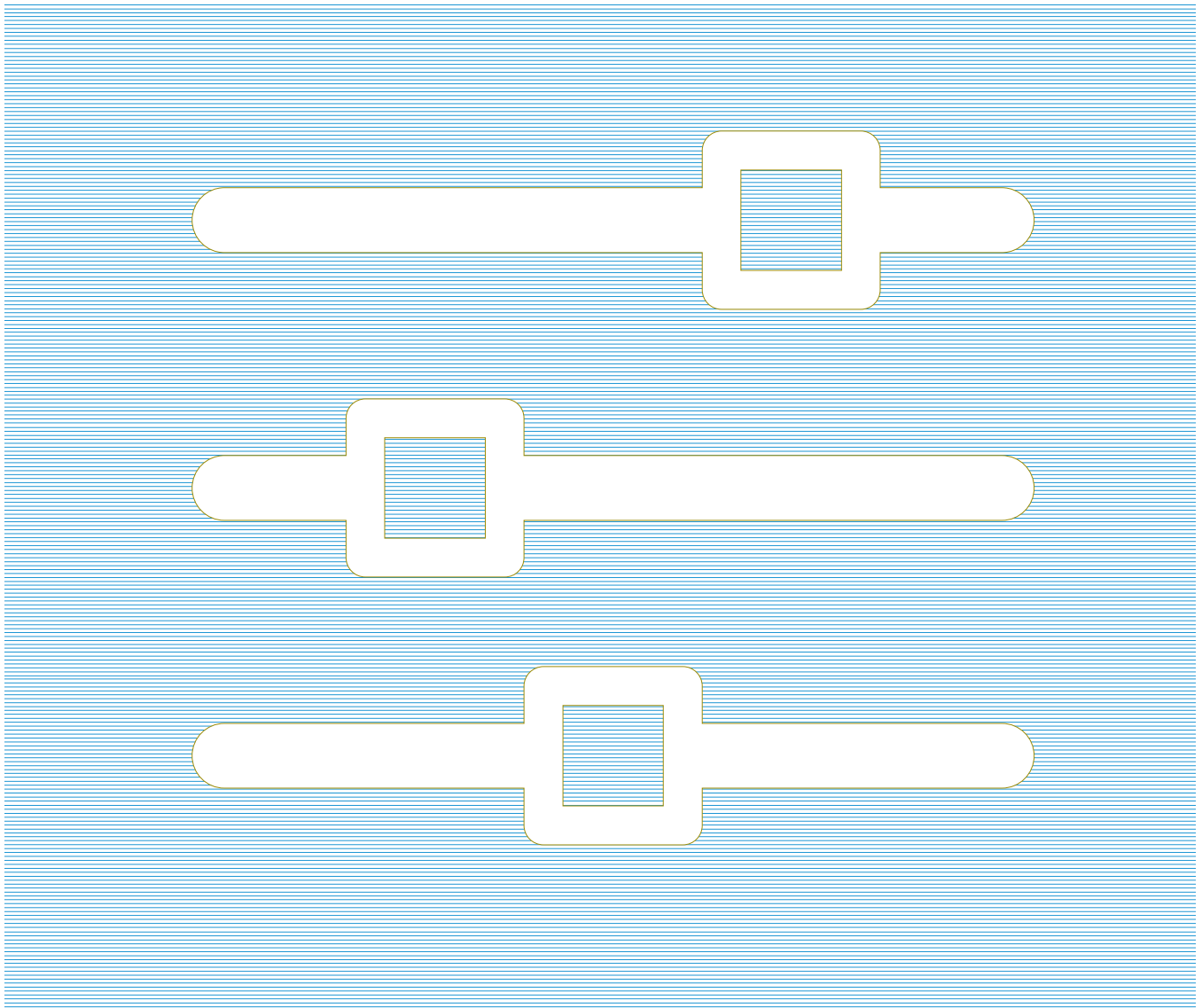
Heuristic claims management (HCM) is the first solution from adesso in the new field of business process outsourcing (BPO), an area that will be expanded with other solutions and that represents a new channel for the configuration of IT services in the premium segment. Based on its own experience in 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

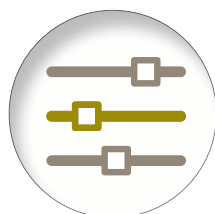
DEVK is the first company that adesso has attracted for the heuristic claims management (HCM) service. Based on a three-year contract with an order value of around EUR 1.5 million, all new notifications of claim at DEVK's legal expenses insurance division will be processed by adesso's solution and assessed 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.





→ “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. →



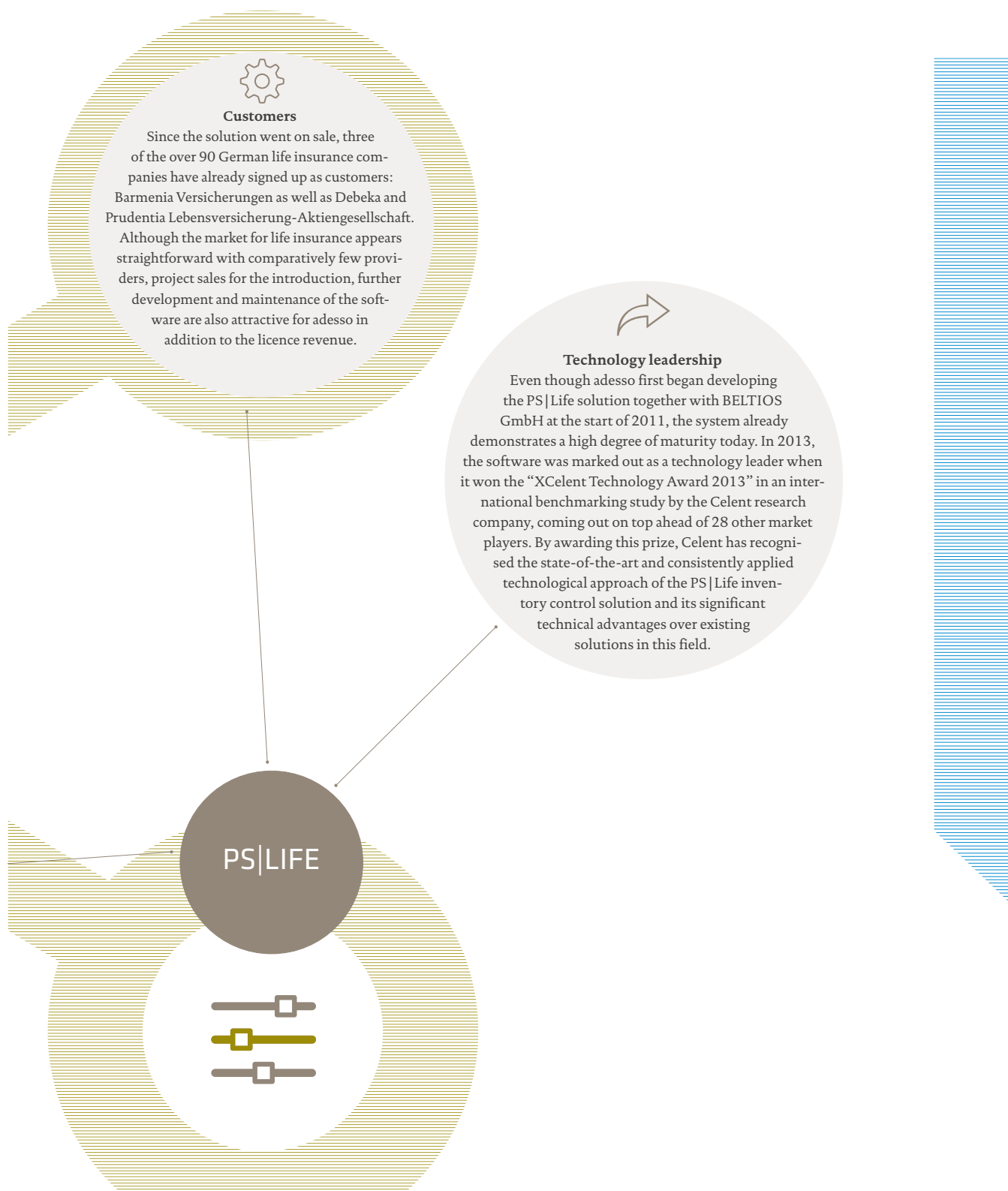
The PS|Life software solution is an innovative policy management and benefit system for life insurance in adesso's portfolio that can be used to quickly and cost-effectively model insurance products and that can also be integrated into existing systems. The solution is based entirely on freely available, 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. —

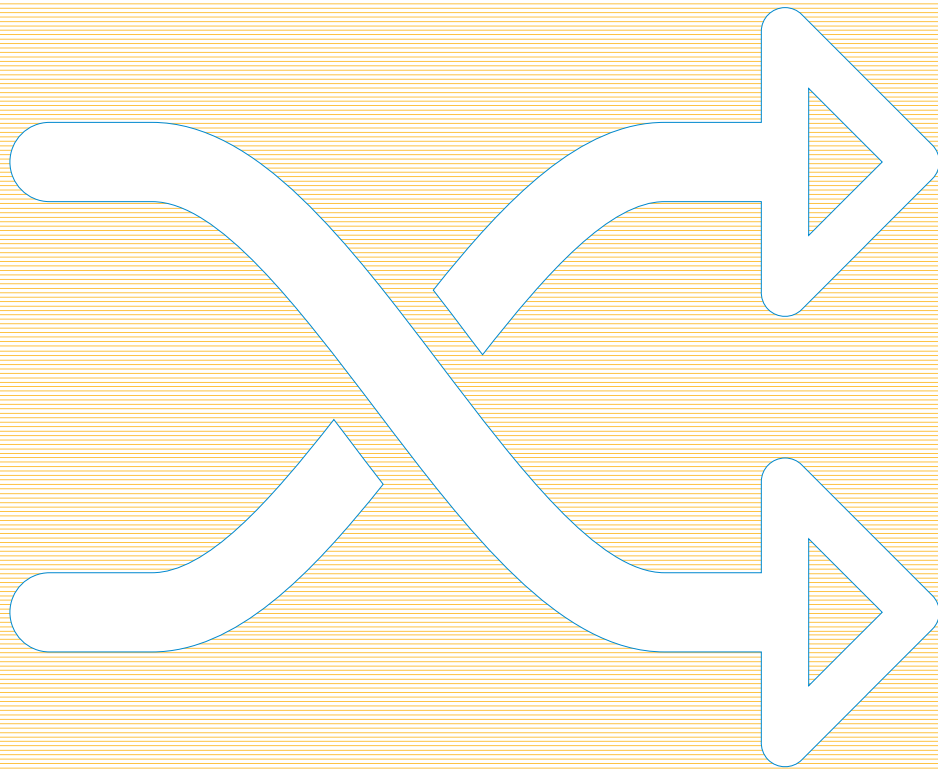


#### New remuneration channels

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.

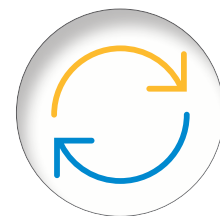






→ “To modernise or replace obsolete applications, lines of code have to be translated into a contemporary programming language and old databases have to be converted into an up-to-date format. The migration frequently involves manual work and therefore requires a lot of time and effort; it’s also prone 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. →



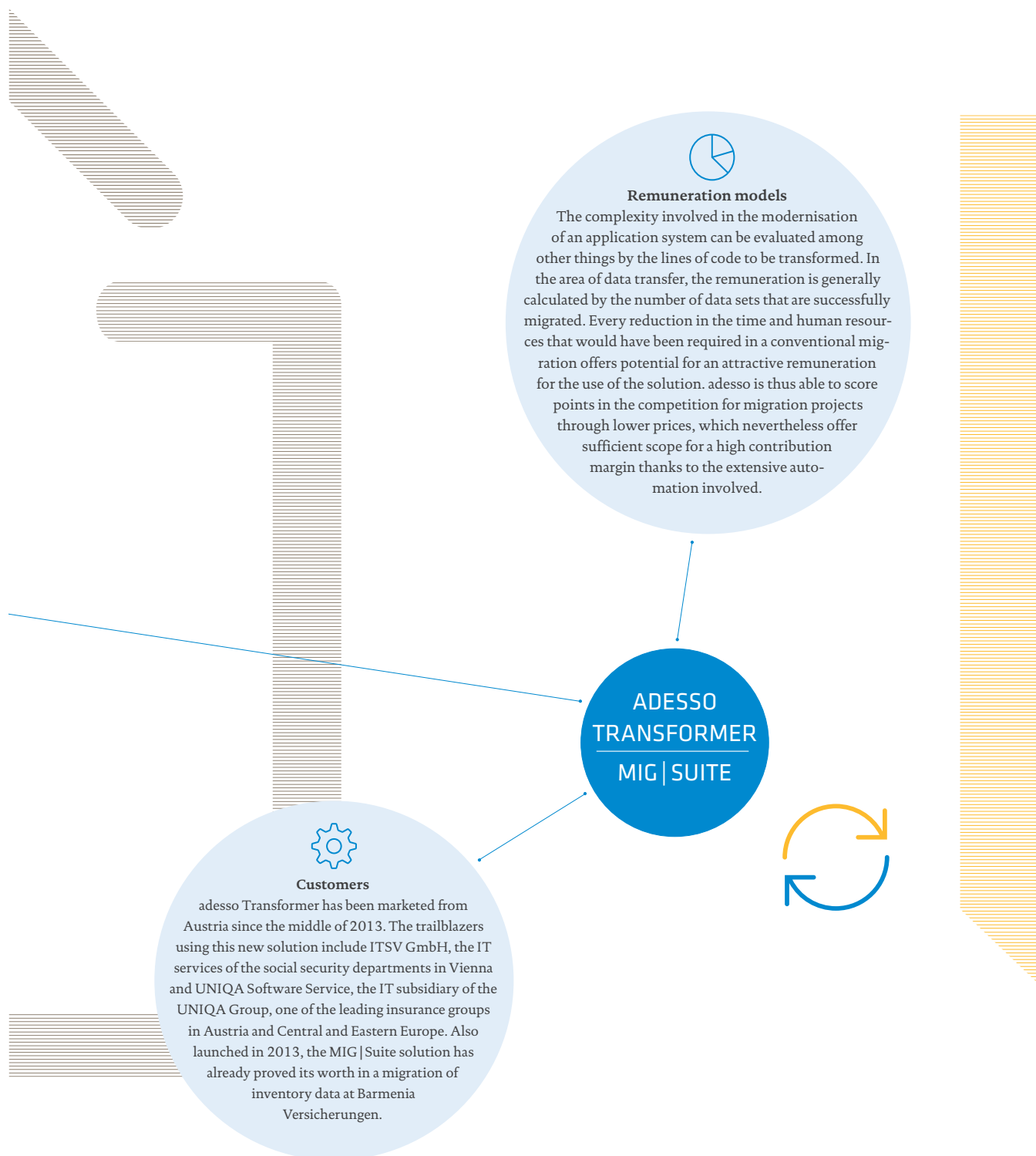
Against the background of the increasing networking of applications and the provision of user-friendly services, the wish to transfer older software systems to a future-proof platform is frequently expressed.

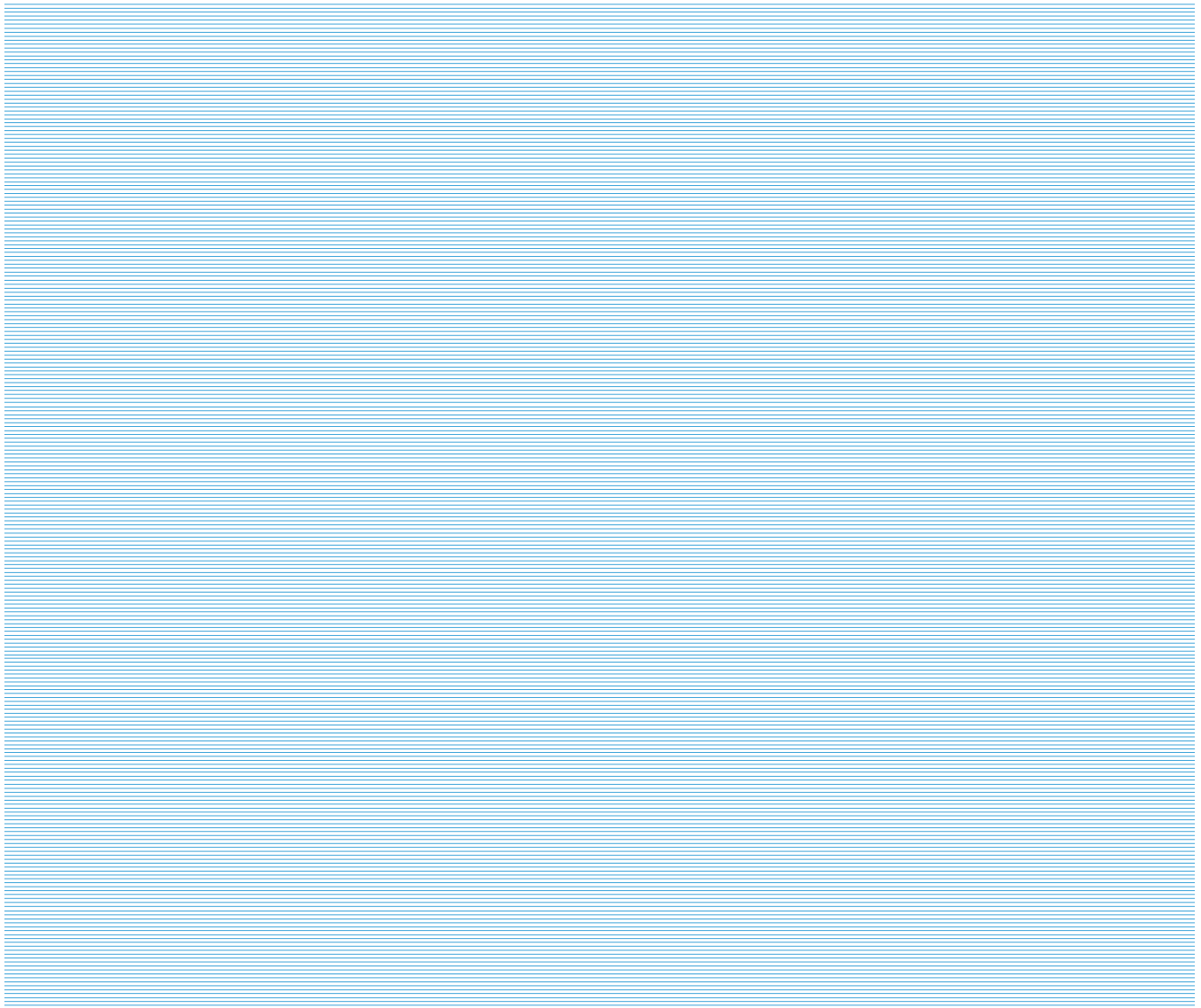
However, a complete migration to a modern application system is an extremely complex process and, with one eye on the costs, cannot always be justified financially. With Transformer, adesso offers a solution that transfers old existing applications to a modern application system at little expense by 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.







## 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.

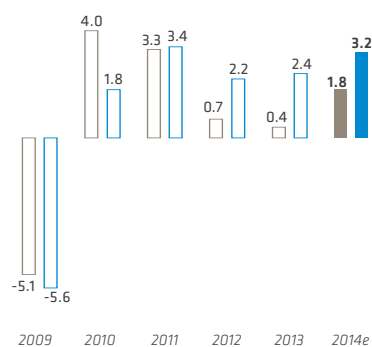
In the IT Services segment, the German adesso subsidiary increased sales significantly by 25 %, while the subsidiary in Austria reported stable sales revenues and the Swiss subsidiary reported a 9 % decline, largely due to massive budget cuts at one of its major clients. Sales in the “Expert Resourcing” 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

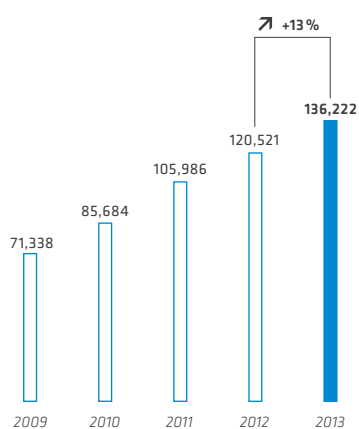
in %

■ 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 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

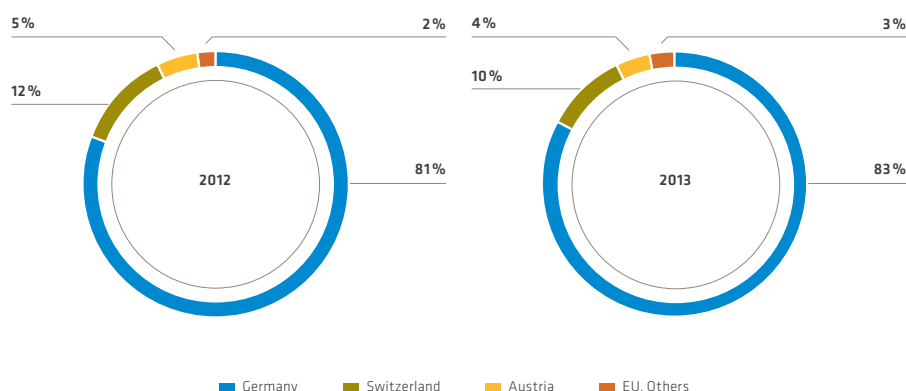
At sales growth of 13 %, the average number of employees (full-time equivalents, FTE) rose slightly above average by 15 % or 149 employees to 1,156 in 2013. Year on year, the material usage ratio declined 10.7 % (previous year: 11.4 %) and gross profit per employee fell slightly by 1 % to EUR 105 thousand (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.

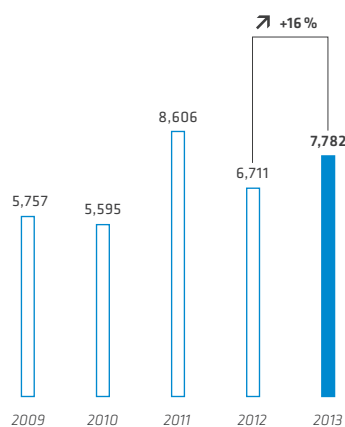
Income increased significantly in the second half of the year. After EBITDA of EUR 2.9 million and an EBITDA margin of 4.5 % in the first half of 2013, the results in the second half of the year increased to EUR 4.9 million and 6.9 %, respectively. The improvement is largely due to the success of the 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.

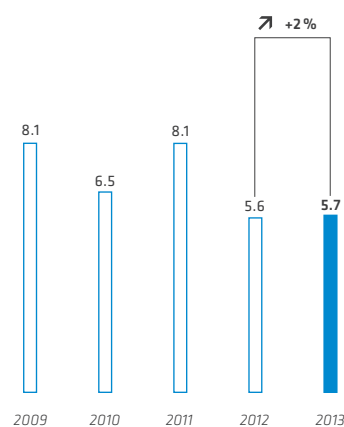
EBITDA DEVELOPMENT

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.

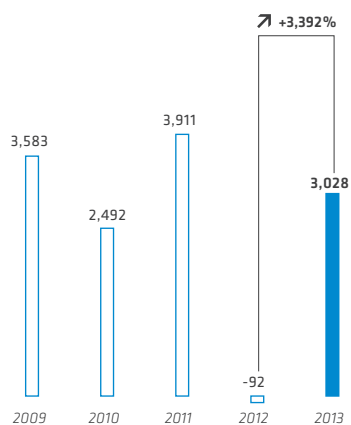
The financial result came to EUR -219 thousand compared to EUR 139 thousand in the previous year. Earnings before taxes (EBT) increased considerably by 91 % to EUR 4.6 million (previous year: EUR 2.4 million) due to higher operating earnings as well as lower depreciation and amortisation. Income tax 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.

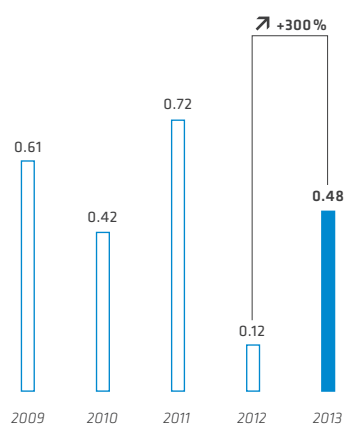
CONSOLIDATED EARNINGS

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.

Economic Report  
Subsequent Events  
Forecast, Opportunities and Risk Reports

#### MULTI-PERIOD VIEW OF ASSETS AND LIABILITIES

in EUR k	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 reassigned 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 share-holder 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 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 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 through-out 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.

in EUR k	Basic remuneration	Performance based compensation / profit sharing	Performance based compensation / variable	Payments in kind and other compensation	Other payments	Total
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

in EUR k	Basic remuneration	Performance based compensation / profit sharing	Performance based compensation / variable	Payments in kind and other compensation	Other payments	Total
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).

	Number of phantom shares	Change 2013	Expense 2013 for repurchase value	Expense 2013 for virtual dividend	Repurchase value
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

	Number of phantom shares	Change 2012	Expense 2012 for repurchase value	Expense 2012 for virtual dividend	Repurchase value
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.