



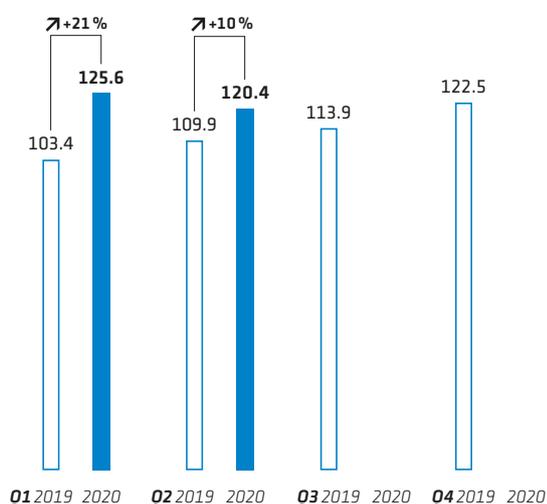
**GROWING
INTERNATIONALLY**

HALF-YEAR REPORT 2020

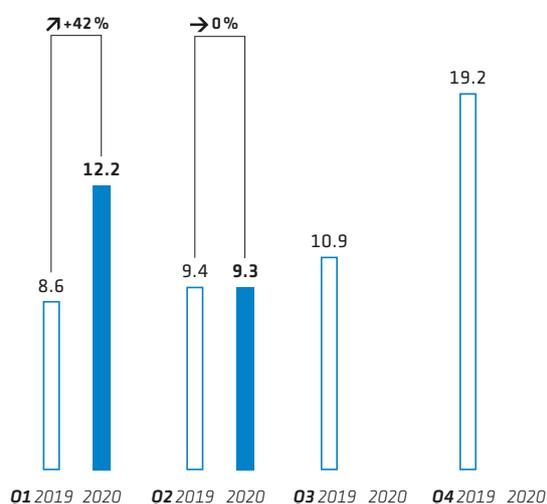
KEY FIGURES

<i>in EUR k</i>	1st HY 2020	1st HY 2019	Change	in %	Q1/2020	Q2/2020	Q2/2019
PROFIT SITUATION							
Sales revenues	246,073	213,305	32,768	15	125,636	120,437	109,859
domestic	193,694	171,167	22,527	13	98,419	95,275	88,782
foreign	52,379	42,138	10,241	24	27,217	25,162	21,077
EBITDA	21,558	17,997	3,561	20	12,223	9,335	9,363
EBITDA margin (in %)	8.8	8.4	0.4	5	9.7	7.8	8.5
Consolidated earnings	5,474	4,096	1,378	34	3,681	1,793	1,951
BALANCE SHEET							
Balance sheet total	341,103	316,819	24,284	8	330,749	341,103	316,819
Equity	94,912	79,328	15,584	20	96,144	94,912	79,328
Equity ratio (in %)	27.8	25.0	2.8	11	29.1	27.8	25.0
Liquid assets	34,805	27,870	6,935	25	32,270	34,805	27,870
Net cash position	-20,142	-34,714	14,572	42	-24,214	-20,142	-34,714
EMPLOYEES							
Employees (FTE)	4,259	3,715	544	15	4,192	4,259	3,715
domestic	3,483	3,140	343	11	3,449	3,483	3,140
foreign	776	575	201	35	743	776	575
Gross profit /Employees	112	107	5	5	107	100	107
SHARE							
Number	6,176,093	6,176,093	0	0	6,176,093	6,176,093	6,176,093
Price at the end of the the period (in EUR)	55.00	51.30	3.70	7	42.85	55.00	51.30
Market capitalisation at the end of the period (in EUR m)	339.7	316.8	22.9	7	264.6	339.7	316.8
Earnings per share (in EUR)	0.89	0.66	0.23	35	0.60	0.29	0.31

GROWTH IN SALES (PER QUARTER)

in EUR m

EBITDA DEVELOPMENT (PER QUARTER)

in EUR m

MISSION STATEMENT

adesso optimises companies' core business processes with the targeted use of information technology. We offer customers expert consulting based on our in-depth industry knowledge and use our technical knowhow to develop customised software solutions. For a defined set of operational tasks adesso provides innovative solutions and products. As an independent partner, we aim to help our customers make the most of their business potential while retaining flexibility in the future.

GROWING INTERNATIONALLY

adesso's development to becoming one of the leading consulting and technology groups for industry-specific business processes in Central Europe continues to take shape. After focusing primarily on companies' core business processes in the German-speaking market in the first 20 years of its history, the international expansion of adesso's core business, alongside regional expansion, has been a key element of the company's growth strategy since 2018.

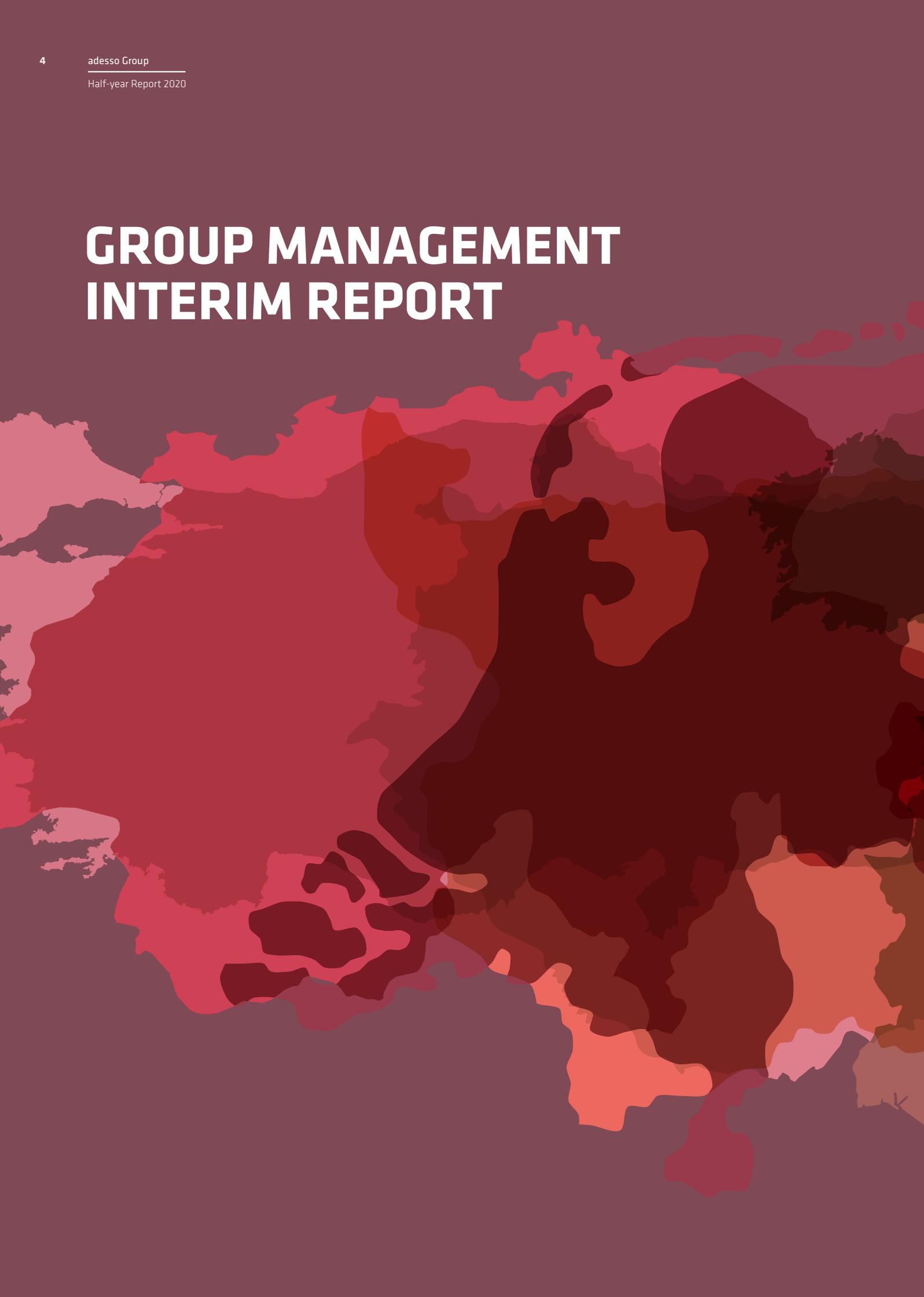
Two further adesso subsidiaries opened in the Netherlands and Hungary in 2019, following the addition of branches in Spain and Bulgaria in 2018. As a result, adesso is now represented in nine European countries. This increasingly international orientation was underlined in 2019 by the company's transformation into a *Societas Europaea*.

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To maintain a better readability, this Half-year Report largely dispenses with the simultaneous use of female and male forms of language. Terms such as "employee" or "colleague" thus equally encompass both genders.

GROUP MANAGEMENT INTERIM REPORT

The background of the page features a large, abstract graphic composed of overlapping, irregular shapes in various shades of red, orange, and brown. The shapes are layered, creating a sense of depth and movement. The overall color palette is warm and monochromatic, with the text in white providing a sharp contrast against the darker background.

4**GROUP MANAGEMENT
INTERIM REPORT**

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and Risk Report

GROUP PRINCIPLES

Business Model, Targets and Strategies

adesso is a fast-growing IT company which has set its sights on becoming one of the leading consulting and technology groups for industry-specific business processes in Central Europe. With a high level of expertise in the areas it caters to, adesso operates at the interface between business processes and IT, implementing software projects at the highest technical level. The development of its own software solutions increases market penetration and strengthens the company's profit margin. adesso pursues the strategic goal of expanding into European markets after so far focussing on the German market. 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 and the development of new products, coupled with extensive industry and consulting expertise, enable growth rates which exceed the industry average by far. adesso is a leading technology company in the field of software development which invests more than average in the training and development of its workforce and in the ongoing development of its own model for the software development process.

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

The company's strategy in the first half of 2020 remained largely unchanged compared to the disclosures in the Annual Report 2019.

Employees and Structure

The structure and management systems remained largely unchanged in the first half of 2020 compared to the disclosures in the Annual Report 2019. Changes pertaining to headcount and the scope of consolidation are detailed in the Economic Report and/or the Consolidated Notes. Headcounts continued to rise at many different locations and across a number of business areas, with the total number of full-time equivalents at the end of the period increasing year on year from 3,715 to 4,259.

Since 1 January 2020, Stefan Riedel (business information technology graduate) has been strengthening the Executive Board of adesso SE as an additional member. He has taken over responsibility for the core insurance sector from CEO Michael Kenfeneuer, who has been focusing on the banks and financial service provider sector since then. The strengthening the management team takes into account the accelerated growth and further internationalisation of the adesso Group.

Research and Development

Research and development expenses are negligible in relation to group expenses. adesso does not have its own dedicated research department. These disclosures continued to apply in the reporting period. Please refer to the Group Management Report as of 31 December 2019 for further details.

ECONOMIC REPORT

Macroeconomic Climate and Industry-specific Conditions

In its spring forecast issued on 29 April 2020, the German government projected a price-adjusted decline in gross domestic product of 6.3 % in 2020 in view of the COVID-19 pandemic. The annual forecast at the end of January had projected growth of 1.1 % before the global spread of the epidemic became apparent. The COVID-19 pandemic is expected to plunge the global economy into recession, with the German economy also set to fall into negative territory after ten years of growth. The German government's projection takes into account the maintenance of far-reaching measures to restrict social contact in the public domain in order to protect health and life from mid-March and throughout April, followed by a gradual and moderate easing of behavioural measures. The sharpest slump in economic output will therefore reportedly occur in the course of the second quarter, after which the government expects economic activity to pick up. As a result, a recovery appears possible in the second half of the year. In order to minimise the economic impact, an unprecedented protective shield of over EUR 1 trillion has been put in place to preserve the substance of the economy and help companies and workers through the crisis. Growth of 5.2 % is expected in 2021 as the economy recovers.

At the end of 2019, the Swiss State Secretariat for Economic Affairs SECO was still predicting moderate growth of 1.7 % in 2020, or sporting-event-adjusted GDP growth of 1.3 %. While the forecast had already been revised to -1.5 % in March due to the pandemic, SECO now estimates the decline in GDP at -6.2 % in the latest forecast, issued in June. As a result, 2020 will see the sharpest decline in GDP in decades, with the lowest point expected in the second quarter. Provided there are no further pandemic waves with strong containment measures, the economy should recover from the second half of the year onwards. Adjusted for sporting events, growth of 4.9 %, or 5.3 % before adjustment, is expected in 2021.

Due to the pandemic, the Austrian Federal Ministry for Digital and Economic Affairs has also corrected the economic forecasts reported in adesso's annual financial statements. As of July 2020, the Austrian Institute of Economic Research (WIFO) and the Austrian Institute for Advanced Studies (IHS) expect a decline of 7.0 % (WIFO) and 7.3 % (IHS) for the entire year. For 2021, the WIFO expects GDP growth of 4.3 %, while the IHS predicts an even higher growth rate of 5.8 %. In June 2020, the OECD forecast a recession of 4.8 % for Turkey as compared to the growth figures still reported in adesso's annual financial statements, should it be possible to prevent a renewed outbreak in the second half of the year. Otherwise a figure of -8.1 % is assumed. In 2021, GDP is expected to grow by 4.3 % again (2.0 % in a double-hit scenario). For the US, the OECD is now forecasting as of June 2020 a decline in economic output of 7.3 % (8.5 % in a double-hit scenario) and 4.1 % growth (1.9 %) in the following year (2021) in these scenarios.

The German industry association Bitkom published revised forecasts for the development of the IT, telecommunications and consumer electronics markets in late July 2020. The COVID-19 pandemic is slowing down the development of the German IT market. After many years of strong growth, declining sales in the information technology sector are expected for the first time. The market for information technology will shrink by 5.6 % in 2020 (previous year: 3.5 % growth). While the decline in IT hardware will accelerate to -7.5 % (previous year: -0.7 %), sales in the software segment are expected to decline by -4.0 % (previous year: 6.3 % growth). A 5.4 % reduction in sales is also expected in the IT services segment, which is particularly relevant for adesso (previous year: 2.3 % growth).

Business Performance

The adesso Group increased sales in the first half of 2020 by 15 % year on year to EUR 246.1 million. Organic growth accounted for the vast majority of this figure (14 %) thanks to the successful expansion of existing business activities. This enabled adesso to once again exceed its target of outperforming overall market growth organically by at least a factor of two. Business performance also showed that the adesso Group is on course to meet its full year forecast for sales.

adesso's business performance benefited from the company's solid positioning in growth areas such as business intelligence, big data, machine learning, artificial intelligence, the internet of things and blockchain applications. At EUR 4.6 million, national subsidiaries in Turkey, Spain and Bulgaria also made a contribution to growth in the first half of 2020. adesso's industry- and customer-centric approach opens the door to targeted activities achieving above-average growth.

All established adesso subsidiaries have recorded year-on-year increases in sales. Sales climbed by a particularly significant margin in Turkey and in Spain once again. The adesso national subsidiary in Germany recorded the largest increase in sales in absolute terms. Here, adesso has profited from a sharp rise in the number of employees in the last two years and a high volume of new projects secured across many core sectors. Growth in sales was particularly noticeable in the healthcare, manufacturing industry and public administration sectors.

Sales generated from e-commerce (Arithnea) and content management (e-Spirit) either did not rise year on year or only rose by a disproportionately low margin. The smart hosting and cloud services business, on the other hand, once again experienced growth. These areas are becoming increasingly important parts of adesso's products, services and projects. Mobile solutions business was also able to be successfully expanded, with an increase of 13 %.

In the previous year, the in|sure product family for companies in the insurance industry generated the highest licensing revenues in a quarter in the second quarter of 2019. However, licensing revenues were weaker in the half of the year under review, as expected. By contrast, no significant licensing rev-

enues were generated from new contracts in this area in the first half of 2020, partly due to measures adopted to support the economy, such as the reduction in the value-added tax rate in the second half of 2020. Service sales and income from maintenance are slightly higher than in the previous year. Significant licensing revenues will not be realised until the second half of the year.

Within the first half of the year, EUR 125.6 million in sales was generated in the first quarter and EUR 120.5 million in the second quarter (previous year: EUR 103.4 million and EUR 109.9 million). The first quarter of 2020 offered 64 working days in Germany, whereas the second quarter only included 60 working days (previous year: 63 and 60).

Position

Earnings Situation

Total operating earnings before interest, taxes, depreciation and amortisation (EBITDA) of the adesso Group came to EUR 21.6 million in the first half of 2020, up 20 % on the previous year's figure. Despite the COVID-19 pandemic and the associated restrictions on social contacts in the public domain to protect health and life, the adesso Group was able to maintain its ability to deliver. The Group was able to absorb slight declines in capacity utilisation by means of temporary short-time work and cost savings, among other things. The restrictions also led to savings in other operating expenses (especially travel expenses), which had a compensatory effect on earnings.

All adesso subsidiaries generated positive earnings contributions, except for those in Hungary and the Netherlands.

Gross profit rose by 14 %, almost in line with sales revenues, while personnel costs increased disproportionately by 20 %, as no hiring was stopped and recruiting continued despite the pandemic. Other operating expenses fell by 11 %, mainly due to savings in travel expenses. Other operating expenses per employee therefore fell by 25 % year on year. The EBITDA margin was 8.8 % as compared to 8.4 % a year ago. In the first half of 2020, EBITDA stood at EUR 12.2 million in the first quarter (previous year:

EUR 8.6 million) and EUR 9.4 million in the second quarter (previous year: EUR 9.4 million). The decline in earnings in the second quarter is mainly due to the lower number of working days.

Compared to the previous year, depreciation and amortisation rose by 19 %, mainly due to higher depreciation and amortisation for capitalised leases. Pre-tax profit amounted to EUR 7.7 million (previous year: EUR 6.5 million), and earnings per share came to EUR 0.89 (previous year: EUR 0.66).

Notes on individual items in the income statement

The cost of materials, which primarily related to services from external providers purchased within the scope of customer projects, increased by a higher margin compared to sales, 23 %, to EUR 30.3 million and therefore made up 12 % of sales. Gross profit increased by 14 % to EUR 215.8 million. Gross profit per employee was annualised in the first half of the year at EUR 103 thousand (previous year: EUR 107 thousand).

The increase in personnel costs, as the largest cost item, was 20 % to EUR 171.1 million, an increase that was one percentage point higher than the rise in gross profit. The average number of full-time equivalents increased by 19 % year on year to 4,179, a similar increase to that in personnel expenses. As at 30 June 2020, adesso had 4,259 employees (full-time equivalents). At EUR 82 thousand, annualised personnel costs per employee were virtually unchanged on the previous year's level of EUR 81 thousand. Other operating expenses decreased significantly by 1 % to EUR 28.0 million in relation to sales, growth profit and employee

growth due to the described savings as a result of the COVID-19 pandemic in terms of travel expenses and had a positive impact on margins.

Depreciation and amortisation of EUR 12.5 million (previous year: EUR 10.5 million) includes depreciation and amortisation of rights of use from leases pursuant to IFRS 16 in the amount of EUR 6.9 million (previous year: EUR 5.3 million). Operating depreciation and amortisation rose by 14 % to EUR 4.5 million, amortisation of intangible assets recognised in the course of mergers decreased by 13 % to EUR 1.1 million. No goodwill impairments were recognised.

Total income from financing and investment activities was lower compared to the previous year at EUR -1.4 million (previous year: EUR -1.0 million). Interest expenses from lease liabilities totalled EUR 0.8 million (previous year: EUR 0.7 million). The financial result was also impacted by interest expenses from acquisition loans. Income from investments of EUR -0.3 million (previous year: EUR -0.1 million) continues to be impacted by the start-up investments in the associate company AISportsWatch GmbH (previously: soccerwatch.tv GmbH). Income tax expense came to EUR 2.2 million (previous year: EUR 2.4 million). With reference to pre-tax profit of EUR 7.7 million, the tax rate was calculated at 29 % (previous year: 37 %).

Employee indicators

Compared to the previous year, the total number of Group employees rose by 544, or 15 % (previous year: 791 or 27 %), from 3,715 to 4,259 full-time equivalents. In the first half of 2020, the number of employees rose by 226 (previous year: 435) compared to the

KEY FIGURES PROFIT SITUATION

in EUR k	First half 2020	First half 2019	First half 2018	Q2 2020	Q1 2020	Q2 2019	Q1 2019	Q2 2018	Q1 2018
Sales revenues	246,073	213,305	177,969	120,437	125,636	109,859	103,446	89,503	88,466
EBITDA	21,558	17,997	13,327	9,335	12,223	9,363	8,634	6,001	7,326
EBITDA margin	8.8%	8.4%	7.5%	7.8%	9.7%	8.5%	8.3%	6.7%	8.3%
Consolidated earnings	5,474	4,096	5,540	1,793	3,681	1,951	2,145	2,390	3,150
Earnings per share (in EUR)	0.89 €	0.66 €	0.90 €	0.29 €	0.60 €	0.31 €	0.35 €	0.39 €	0.51 €

figure reported on 31 December 2019. The number of employees outside of Germany increased year on year by a disproportionately high 35 % to 776. This rise is primarily attributable to new recruitment in Turkey, Switzerland and Spain.

Financial Position and Results of Operations

As of 30 June 2020 after the distribution of the dividends from healthy consolidated earnings of EUR 5.5 million, equity rose by EUR 2.4 million to EUR 94.9 million compared to the 31 December 2019 figure. Compared to 30 June 2019, equity rose significantly by EUR 15.6 million. The equity ratio after distribution was 27.8 %, up on the previous year (31 December 2019: 28.8 %, 30 June 2019: 25.0 %), while liquid assets stood at EUR 34.8 million as at the reporting date (31 December 2019: EUR 46.4 million, 30 June 2019: EUR 27.9 million). The decline in liquid assets over the first half of the year corresponds in structural terms to the development of liquidity in previous years and primarily resulted from the scheduled payment of variable salary components for the previous year and the dividend payment. In addition, increased financing requirements from fixed-price projects in Germany and the pre-financing effects from further employee growth reduced the level of liquid assets.

Due to the positive development of net operating assets in the first half of 2020, cash flow from operating activities amounted to EUR 7.9 million after EUR -12.2 million in the previous year. Trade accounts receivable fell slightly by 3 %, or

EUR 2.6 million, to EUR 83.7 million. This is still attributable to intensified debtor management in Germany. Cash flow from investment activities amounted to EUR -6.1 million, increasing from EUR -10.7 million in the previous year. In the same period a year ago, the main investment was in the expansion of the Group headquarters, which was completed in 2019. Cash flow from financing activities amounted to EUR -13.2 million (previous year: EUR 4.9 million). Cash flow from financing activities in the same period a year ago was largely due to new liabilities to banks amounting to EUR 20.5 million, while new borrowing amounted to only EUR 1.1 million in the first half of 2020. Refinancing measures in the previous year reduced loan repayments by 39 % to EUR -4.4 million (previous year: EUR -7.2 million).

Financial liabilities decreased by EUR 3.0 million net to EUR 55.0 million in the first half of 2020 as a result of ongoing repayments and new loans being taken out, while net liquidity came to EUR -20.1 million as of the reporting date (31 December 2019: EUR -11.6 million, 30 June 2019: EUR -34.7 million).

Investments and Company Acquisitions

Investments in property, plant and equipment amounted to EUR 3.9 million (previous year: EUR 6.1 million) and comprised regular investments in factory and office equipment replacement and expansions such as IT equipment and furnishings. There is no investment backlog to report.

EMPLOYEE INDICATORS

	First half 2020	First half 2019	First half 2018	2020	2019	2018
Employees at the end of the period	4,703	4,132	3,226	4,438	3,590	2,980
Full-time equivalents (FTE) at the end of the period	4,259	3,715	2,924	4,033	3,280	2,748
Full-time equivalents (FTE) average for the year	4,179	3,516	2,846	3,732	3,031	2,524
Sales per \emptyset FTE (in EUR k)	118	121	125	120	124	127
Gross profit per \emptyset FTE (in EUR k)	103	107	110	107	110	113
Personnel costs per \emptyset FTE (in EUR k)	82	81	83	79	80	82

SUBSEQUENT EVENTS

On 1 August 2020, adesso acquired the business operations of .dotkomm GmbH, Cologne. dotkomm is a well-established company dedicated to the successful design of digital touchpoints, as well as response and conversion optimisation based on neuromarketing concepts. The fixed purchase price was EUR 2.2 million, which was paid in cash. In addition, there is a conditional purchase price obligation of EUR 0.3 million, which depends on whether a certain profit target is reached in financial year 2020. adesso considers it probable that the profit target will be achieved. The identification and valuation of the acquired assets and liabilities has not been completed.

FORECAST, OPPORTUNITIES AND RISK REPORT

Forecast Report

Framework Conditions

As a global health crisis, the COVID-19 pandemic has led to the most severe economic recession in almost a century. The economic development originally expected by leading economists both in Ger-

many and in the most important foreign markets for adesso has been successively adjusted, taking into account the new findings and data available. While the forecasts relating to the relevant national economies referred to at the time at which adesso's annual financial statement were prepared were therefore (largely) unable to take into account the effects of the COVID-19 pandemic, the current economic forecasts include the expected decline in economic output to varying degrees. At the time of the preparation of this half-year report, it is still predominantly assumed that there will not be a second wave of infection with renewed lockdowns in the further course of the year and that the economies will recover in the second half of the year.

The economic situation therefore deteriorated dramatically worldwide in the first half of 2020. The market assumptions underpinning adesso's full-year forecast for its business performance in 2020 no longer truly apply. Nevertheless, national governments and supranational organisations have been provided with comprehensive aid packages to mitigate the economic consequences of the pandemic. Due to the uncertainty of further developments, the OECD assesses the global economic situation in two scenarios as of June. In the event of a resurgence of the pandemic with renewed lockdowns, the global economy is expected to shrink by 7.6% in 2020. In 2021 growth will increase again to 2.8%. If the second wave can be avoided, global economic activity will shrink by only 6% in 2020.

LIQUIDITY AND BALANCE SHEET STRUCTURE

in EUR k	Q2 2020	Q1 2020	Q2 2019	Q1 2019	Q2 2018	Q1 2018
Liquid assets	34,805	32,270	27,870	40,523	39,744	43,429
Financial liabilities	54,947	56,484	62,584	48,108	47,258	44,624
Net cash position	-20,142	-24,214	-34,714	-7,001	-7,514	-1,195
Operating cash flow	7,886	-6,001	-14,243	2,060	404	1,786
Goodwill	48,753	48,819	48,352	46,307	43,895	44,260
Equity	94,912	96,144	79,328	80,347	68,772	69,579
Equity ratio	27.80%	29.10%	25.00%	26.00%	33.50%	32.50%

In July 2020, the market research company Gartner published its latest forecast regarding global IT spending in 2020. According to the forecast, spending is expected to decline sharply by 7.3 % year on year to USD 3.5 trillion as a result of the pandemic. IT services are expected to decline by 6.8 % compared to 2019. Enterprise software is expected to shrink by 5.7 % in 2020. However, both sectors are expected to grow strongly again in 2021. In general, IT spending is expected to recover more quickly and smoothly than the economy as a whole. IT services are expected to grow by 5.5 %, with enterprise software seeing growth of 7.4 %.

According to the Bitkom forecast from the end of June, sales in Germany's largest sub-market, information technology, will fall by 5.6 % to EUR 88.2 billion in 2020 as a result of the COVID-19 pandemic. IT hardware will contract most sharply by 7.5 % to EUR 24.4 billion, while the market for IT services is expected to be 5.4 % weaker, resulting in a market share of EUR 38.7 billion. In the software segment, sales are expected to fall by 4.0 % to EUR 25.2 billion. The decline is expected to be largely made up for next year. According to the Bitkom forecast, the overall IT and telecommunications market will grow by 2 % to EUR 166.7 billion in 2021 (down 3.3 % to EUR 163.5 billion in 2020). The digital sector is already looking more positively at business development in the second half of 2020. On average, companies are tending to assess the business situation more positively. In July, business expectations for the next six months brightened by a further 14.4 points to a positive figure of 6.7. Overall, the Bitkom-ifo Digital Index, which is calculated based on the assessment of the business situation and business expectations, continued to recover significantly and rose for the third month in a row in July, with an increase of 9.7 points to 11.2 points. Business activity in the digital sector is therefore developing significantly better than that of the economy as a whole. The ifo Business Climate for July remains negative at -2.1 points.

Anticipated Development of adesso SE

After recording growth of 15 %, 14 percentage points of which was organic growth, business in the first half of 2020 showed an ongoing high level of momentum in terms of sales development that exceeds the market as a whole. adesso's business model has proven to be relatively resilient in the first half of 2020. With few exceptions, the core industries served by adesso are

comparatively less affected by COVID-19 effects. The use of modern infrastructure and collaboration tools also made it possible to remotely maintain adesso's ability to deliver. adesso's business should also benefit in the second half of 2020 as easing proceeds, and in view of the widely agreed prevention measures. The temporary short-time working schemes in individual areas which had recorded a decline in capacity utilisation due to the pandemic were gradually phased out completely at the beginning of the second half of the year. The second half of the year also has more working days, from which the IT service business in particular will benefit. The IT solutions segment is also expected to make a higher contribution to sales, primarily due to further licence sales in the in|sure product family. As a result of the agreed reduction in value-added tax in the second half of 2020, some contracts in the IT Solutions segment have been shifted to the second half of 2020, as companies that are not entitled to deduct input tax, particularly insurance companies, will benefit directly from the reduced rate of value-added tax. All in all, because revenue growth is expected to continue in the second half of the year, the sales target for 2020 of more than EUR 490 million seems to be feasible. In the second half of 2020, EBITDA is expected to increase compared to the first half of the year due to the higher number of working days as well as licensing and SaaS revenues. The full-year EBITDA forecast for 2020 of over EUR 50 million (first half of 2020: EUR 21.6 million) and the target of an EBITDA margin of at least 10.0 % (first half of 2020: 8.8 %) continue to apply.

No extraordinary fixed asset investments are planned for the second half of the year. As in previous years, operating cash flow is expected to be noticeably more positive in the second half of 2020 than in the first half of the year.

In the current conditions, and assuming that the forecasts currently available will continue to hold true in the future, the aim is to continue to pursue the goal of past years (increase in sales and operating profit).

Our outlook takes into account all influencing factors known to us at the time of preparing the report and relevant to adesso's business development. The outlook is based on the economic development forecasts and the known measures to combat the COVID-19 pandemic. Potential further acquisitions are not taken into account.

Opportunities and Risk Report

The adesso Group has continued its efforts to open up new business opportunities. adesso pursues a pronounced organic growth strategy. The recently founded foreign adesso subsidiaries in Bulgaria, Spain, Hungary and the Netherlands offer further opportunities for customer acquisition. adesso's investments in the insure product family for the insurance industry and the FirstSpirit content management system, which were made in the first half of 2020 and in 2019, increase the depth and breadth of the product portfolio. Digitalisation-related mega trends such as the Internet of Things, artificial intelligence and big data open up a variety of concepts for customer projects in all core sectors of adesso. The opportunities remain unchanged from the explanations in the Annual Report 2019.

As described above, the reduction in value-added tax from 19 % to 16 % in the second half of the year ("Second Act on the Implementation of Tax Measures to Combat the Corona Crisis"), which was passed in the first half of 2020, will lead to an improved starting position for generating revenue from licences and IT services for all institutions not entitled to deduct input tax. The ongoing assumption is that the digitalisation backlog revealed by the COVID-19 pandemic will have a positive impact on the demand for adesso Group services and products in the medium term.

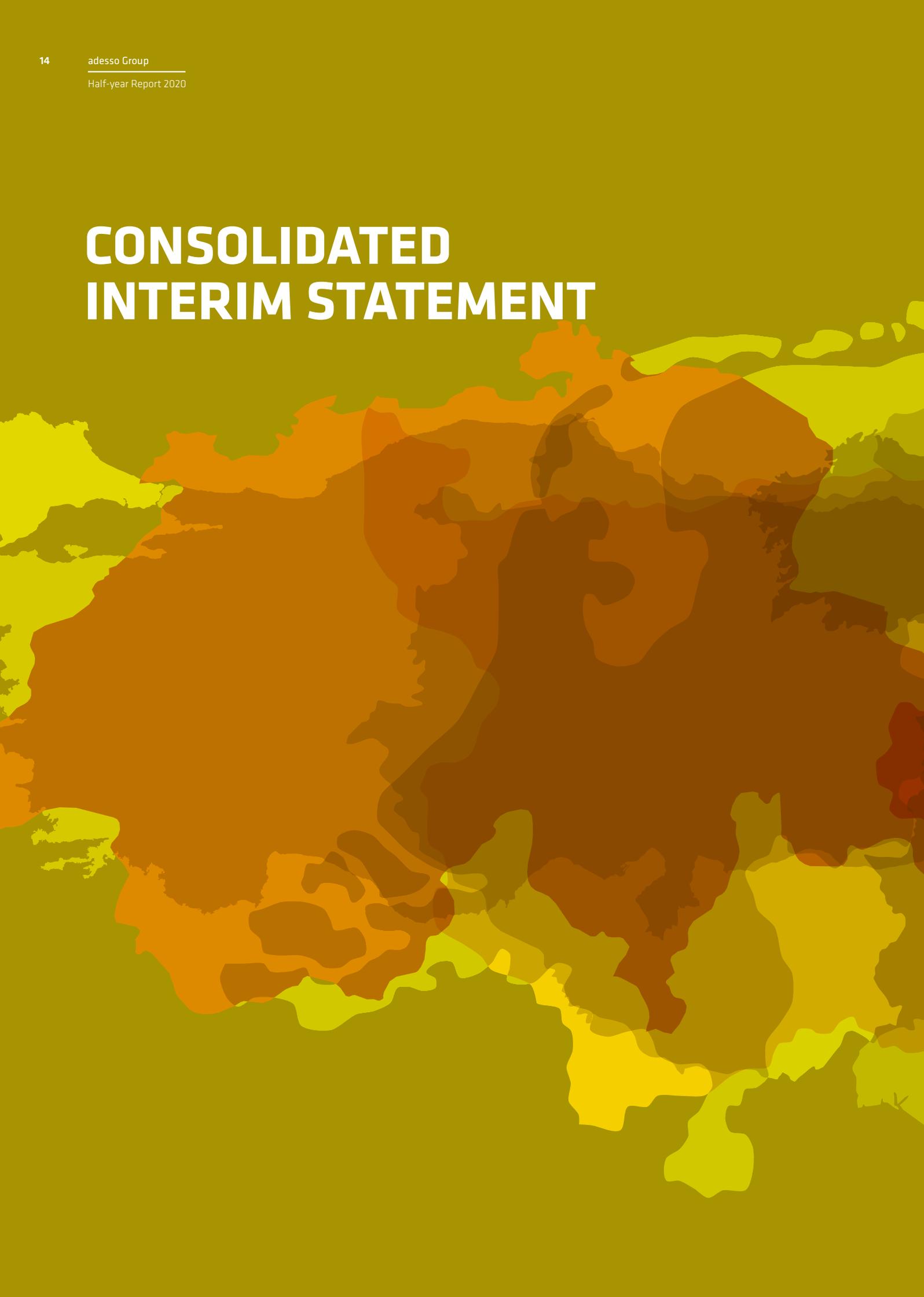
adesso is subject to a number of risks that could have a negative impact on financial development. They arise from its business activities and in view of the Group's increasing size and complexity, as well as its scope of activities in foreign countries. Please refer to the Group Management Report as of 31 December 2019 for a description of all risks and the applied risk management methods.

The COVID-19 pandemic may potentially have an impact on various risk carriers of the adesso Group. For this reason, adesso has proactively identified and analysed internally manageable, risk-prone processes and implemented appropriate measures. Measures for secure, decentralised and efficient work (remote work) have been further expanded, particularly with regard to employees, who are considered to be the most important resource. Based on the diversified customer structure and observations made to date

on customer projects since the outbreak of the pandemic, no increased risk in terms of sales can be assumed according to current assessments. The risks arising from the financial situation and liquidity are not classified as having been increased by the pandemic, assuming that the general conditions remain the same. The adesso Group considers itself to be well positioned for a generally increased risk due to the increase in the number of infections and potentially associated restrictions thanks to the measures taken so far and its general orientation. Nevertheless, all developments will continue to be closely monitored in order to be able to take countermeasures quickly if necessary.

The Group-wide risks from economic developments are explained in the forecast report of this interim report.

CONSOLIDATED INTERIM STATEMENT



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CONSOLIDATED BALANCE SHEET

OF ADESSO GROUP AS OF 30 JUNE ACCORDING TO IFRS

ASSETS

<i>in EUR k</i>	<i>30 June 2020</i>	<i>31 Dec 2019</i>
NON-CURRENT ASSETS		
Goodwill	48,753	48,557
Intangible assets	15,037	17,392
Property, plant and equipment	15,527	14,254
Right-of-use assets	78,196	72,504
Shares accounted for using the equity method	3,656	3,059
Financial assets	2,679	1,755
Deferred taxes	2,651	1,286
	166,499	158,807
CURRENT ASSETS		
Cash on hand and at bank	34,805	46,352
Trade accounts receivable	83,653	86,272
Contract assets	46,703	22,447
Income tax receivables	1,594	1,543
Financial assets	233	423
Other assets	7,616	4,920
	174,604	161,957
TOTAL ASSETS	341,103	320,764

Consolidated Balance Sheet

EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>30 June 2020</i>	<i>31 Dec 2019</i>
EQUITY		
Subscribed capital	6,176	6,176
Capital reserve	16,238	16,306
Other retained earnings	72,284	69,687
Currency translation reserve	214	313
	94,912	92,482
NON-CURRENT LIABILITIES		
Financial liabilities	38,254	43,565
Pensions and similar liabilities	159	166
Provisions	5,484	5,523
Contract liabilities	1	7
Lease liabilities	66,878	61,664
Deferred tax liabilities	2,356	3,045
	113,132	113,970
CURRENT LIABILITIES		
Financial liabilities	16,693	14,401
Trade accounts payable	14,237	14,274
Contract liabilities	16,131	9,363
Lease liabilities	12,838	11,773
Income tax liabilities	5,754	4,995
Provisions	9,726	9,498
Other liabilities	57,680	50,008
	133,059	114,312
TOTAL EQUITY AND LIABILITIES	341,103	320,764

CONSOLIDATED INCOME STATEMENT

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

<i>in EUR k</i>	1st HY 2020	1st HY 2019
Sales revenues	246,073	213,305
Other operating income	4,021	3,021
Changes in inventories	702	145
Own work capitalised	125	216
TOTAL INCOME	250,921	216,687
Costs of material	-30,291	-24,567
Personnel costs	-171,075	-142,607
Other operating expenses	-27,997	-31,516
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)	21,558	17,997
Scheduled depreciation of property, plant and equipment	-12,497	-10,518
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	9,061	7,479
Earnings from shares recognised under the equity method	-222	-64
Interest income and similar income	25	137
Interest expenses and similar expenses	-1,182	-1,033
EARNINGS BEFORE TAXES (EBT)	7,682	6,519
Income taxes	-2,208	-2,423
CONSOLIDATED EARNINGS	5,474	4,096
of which attributable to shareholders of adesso SE	5,501	4,075
of which attributable to non-controlling interests	-27	21
Number of shares at the end of the period	6,176,093	6,176,093
EARNINGS PER SHARE (BASIC/DILUTED, IN €)	0.89	0.66

CONS. STATEMENT OF COMPREHENSIVE INCOME

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

<i>in EUR k</i>	1st HY 2020	1st HY 2019
Consolidated Earnings	5,474	4,096
OTHER COMPREHENSIVE INCOME, SUBSEQUENTLY NOT TRANSFERRED TO THE INCOME STATEMENT		
Actuarial gains (+) and losses (-)	0	0
Deferred taxes on actuarial gains and losses	-1	0
OTHER COMPREHENSIVE INCOME, SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT		
Currency translation differences	-99	-171
OTHER COMPREHENSIVE INCOME	-100	-171
TOTAL INCOME	5,374	3,925
of which attributable to shareholders of adesso SE	5,401	3,904
of which attributable to non-controlling interests	-27	21

Consolidated Income Statement
 Consolidated Statement of Comprehensive Income
 Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT

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

<i>in EUR k</i>	<i>1st HY 2020</i>	<i>1st HY 2019</i>
EARNINGS BEFORE TAX	7,682	6,519
Income from financing activities	1,157	896
Scheduled depreciation and amortisation on property, plant and equipment and intangible assets	12,497	10,518
Result from shareholdings recognized under the equity method	222	64
Non-cash income/expenses	343	542
Change in pension provisions	-7	-6
Change in other provisions	188	3,531
Tax payments	-3,554	-4,654
Change to net operating assets	-10,642	-29,593
CASH FLOW FROM OPERATING ACTIVITIES	7,886	-12,183
Payments for shareholdings recognized at-equity	-1,344	-222
Investments in property, plant and equipment	-3,904	-6,130
Investments in intangible assets	-874	-609
Acquisition of subsidiaries (less purchased cash and cash equivalents)	0	-3,747
CASH FLOW FROM INVESTMENT ACTIVITIES	-6,122	-10,708
Dividend payments	-2,903	-2,818
Dividends from shares recognised under the equity method	525	470
New liabilities to banks	1,075	20,505
Repayment of financial liabilities	-4,394	-7,177
Repayment of liabilities from leasing obligations	-6,312	-5,075
Payments for the acquisition of additional shares in subsidiaries	-83	-7
Interest paid	-1,184	-1,108
Interest received	27	121
CASH FLOW FROM FINANCING ACTIVITIES	-13,249	4,911
Currency differences	-62	-62
CHANGE IN CASH AND CASH EQUIVALENTS	-11,547	-18,042
Cash and cash equivalents at the beginning of the period	46,352	45,912
Cash and cash equivalents at the end of the period	34,805	27,870

CONSOLIDATED SHAREHOLDERS EQUITY STATEMENT

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

<i>in EUR k</i>	<i>Subscribed capital</i>	<i>Capital reserves</i>
01.01.2019	6,176	16,540
Share-based compensation	0	41
Effects from the acquisition of additional shareholdings in subsidiaries	0	-245
Effects from the acquisition of subsidiaries	0	0
Other comprehensive income for the period	0	0
Consolidated profit/loss	0	0
Total comprehensive income	0	0
Dividends	0	0
30.06.2019	6,176	16,336
01.01.2020	6,176	16,306
Share-based compensation	0	42
Effects from the acquisition of additional shareholdings in subsidiaries	0	-111
Other comprehensive income for the period	0	0
Consolidated profit/loss	0	0
Total comprehensive income	0	0
Dividends*	0	0
30.06.2020	6,176	16,238

* Dividend payment of EUR 2,903 thousand corresponds to EUR 0.47 per share

Consolidated Shareholders
Equity Statement

	<i>Other reserves</i>	<i>Currency translation reserves</i>	<i>Equity of adesso SE shareholders</i>	<i>Other non-controlling shareholders</i>	<i>Total Equity</i>
	55,056	576	78,348	59	78,407
	0	0	41	0	41
		0	-245	-212	-457
	0	0	0	230	230
	0	-171	-171	0	-171
	4,075	0	4,075	21	4,096
	4,075	-171	3,904	21	3,925
	-2,779	0	-2,779	-39	-2,818
	56,352	405	79,269	59	79,328
	69,687	313	92,482	0	92,482
	0	0	42	0	42
	0	0	-111	27	-84
	-1	-99	-100	0	-100
	5,501	0	5,501	-27	5,474
	5,500	-99	5,401	0	5,374
	-2,903	0	-2,903		-2,903
	72,284	214	94,912	0	94,912

CONSOLIDATED NOTES

TO THE CONDENSED INTERIM REPORT AS AT 30 JUNE 2020

General Information and Accounting Principles

The consolidated interim financial statements as at 30 June 2020 were prepared by adesso SE in accordance with International Accounting Standard (IAS) 34 in condensed form in accordance with the requirements of the International Financial Reporting Standards (IFRS) as applicable on the reporting date in the version recognised by the European Union as well as under application of Section 315e (1) of the German Commercial Code (HGB). The interim report contains all information required by all of these standards. It provides an update to the information reported by adesso in the 2019 consolidated financial statements.

The consolidated interim report was not audited pursuant to Section 317 of the German Commercial Code (HGB), nor was it assessed.

Impact of changed accounting standards

In general, the accounting and valuation methods used to prepare the interim financial statements as at 31 December 2019 were also applied to this interim report. Changed accounting standards which were to be applied for the first time as of 1 January 2020 had no material impact on the adesso consolidated financial statements. Please refer to page 76 of the 2019 consolidated financial statements for more information on the changes.

COVID-19 pandemic

The management of adesso has analysed the effects of the COVID-19 pandemic on financial reporting when preparing the interim financial statements. In doing so, focus was played on the effects on estimates and assumptions regarding the going-concern premise, the risk of default in receivables, the recoverability of assets (including goodwill) and customer contracts. In connection with the latter, the necessity of recognising provisions for contingent losses was also analyzed.

The management has come to the conclusion that the effects of the COVID-19 pandemic on the financial, asset and earnings position of adesso are currently not to be classified as material.

For a general assessment of the COVID-19 pandemic, we refer to the forecast, opportunity and risk report in the interim group management report.

Mergers

No company was acquired in the first half of 2020.

Other acquisitions and foundations

On 9 January 2020 and 18 March 2020, adesso increased its holding in AISportsWatch GmbH (formerly: soccertainment.tv GmbH), Essen, Germany, by a total of 4.1 percentage points to 35.4 % in the scope of capital increases. The associated acquisition costs amounted to EUR 1,319 thousand.

adesso experience GmbH, Cologne, Germany, was founded on 18 June 2020 with the aim of acquiring the business operations of .dotkomm GmbH, Cologne, Germany. For more information, please refer to the section Events after the balance sheet date.

Basis of consolidation

Next to the parent company adesso SE, Dortmund, Germany, 24 subsidiaries (31 December 2019: 25) were included in the consolidated interim statement as at 30 June 2020 as fully consolidated subsidiaries. Despite the foundation of adesso experience GmbH, the number of subsidiaries was reduced to 24 due to the merger

of smarthouse adesso financial solutions GmbH, Karlsruhe, Germany, and gadiv GmbH, Much, Germany, into adesso SE. In addition, four associates (31 December 2019: four) and one joint venture (31 December 2019: one) were included in the consolidated interim financial statements under the equity method.

Currency conversion principles

The functional currency for the companies included in the adesso consolidated financial statements corresponds to the respective currency of the country where the company has its registered office. Conversion of the financial statements prepared in the national currency of companies whose functional currency is not the euro is performed according to the modified closing rate method. The amounts below are stated at standard indirect quotations. As an example, as at 30 June 2020 EUR 1 equated to CHF 1.07.

Rate of foreign currency/EUR 1	Closing rate		Average rate	
	30 Jun 2020	31 Dec 2019	1st HY 2020	1st HY 2019
Swiss franc (CHF)	1.07	1.09	1.06	1.13
British pound (GBP)	0.91	0.85	0.87	0.87
US dollar (USD)	1.12	1.12	1.10	1.13
Turkish Lira (TRY)	7.68	6.68	7.15	6.35
Bulgarian lev (BGN)	1.96	1.96	1.96	1.96
Hungarian forint (HUF)	356.58	330.53	345.40	320.39

Selected Information

Sales revenues

Sales revenues comprise service revenues and licence sales.

in EUR k	1. Halbjahr 2020	1. Halbjahr 2019
Services	241,796	198,687
of which maintenance/hosting revenues	15,876	13,556
Licence revenues	4,277	14,618
TOTAL	246,073	213,305

Goodwill

For impairment testing purposes pursuant to IAS 36, goodwill has to be assigned to the (groups of) cash-generating units that benefit from the merger. Under IAS 36.80, the highest allocation level in the company is the level on which goodwill is observed by management, and no higher than the level of operating segments

before they are combined into reportable segments. For the purpose of impairment testing, adesso allocates goodwill to the operating segments according to IFRS 8. The following table provides an overview of goodwill for the operating segments at the end of the reporting period:

in T €	2020			2019		
	Carrying amount	Interest before taxes in %	Gross margin in %	Carrying amount	Interest before taxes in %	Gross margin in %
IT SERVICES SEGMENT						
adesso SE*	24,164	7.14	8.5 bis 9.1	7,371	7.83	5.3
adesso Austria GmbH	3,552	7.67	0.5 bis 11.2	3,552	10.16	8.0
adesso Schweiz AG	10,509	7.34	3.5 bis 4.4	10,312	7.70	9.5
Arithnea GmbH	5,054	8.45	7.8 bis 12.7	5,054	7.82	8.0
TOTAL IT SERVICES SEGMENT	43,279	-	-	26,289	-	-
IT SOLUTIONS SEGMENT						
adesso insurance solutions GmbH	3,034	9.74	3.6 bis 27.3	3,034	9.03	8.9 bis 9.3
medgineering GmbH	464	9.25	24.8 bis 60.6	464	9.61	-38.8 bis 62.1
smarhouse adesso financial solutions GmbH				16,794	8.75	10.8
adesso health solutions GmbH	1,976	9.62	11.1 bis 26.8	1,976	8.55	8.0 bis 8.7
TOTAL IT SOLUTIONS SEGMENT	5,474	-	-	22,268	-	-
TOTAL	48,753	-	-	48,557	-	-

* Due to the merger of smarhouse adesso financial solutions GmbH into adesso SE in 2020, the goodwill allocated to the operating segment smarhouse adesso financial solutions GmbH in the previous year is allocated to the operating segment adesso SE.

The increase in goodwill in the adesso Schweiz AG segment is due to the effects of exchange rate changes.

An impairment test for goodwill has to be performed on this basis at least once a year and whenever there are indications of impairment. The annual goodwill impairment test is performed by adesso as at 30 June of the financial year.

The realisable value of the operating segments is the value in use determined using the discounted cash flow method. This is determined based on cash flows after taxes and interest. The management of adesso believes that the value in use of the cash-generating units mainly responds to changes in the estimated sales revenue growth, the estimated gross margin and the discount rate.

Estimating the value in use and therefore also estimating cash flow is based on management's most recent operational planning. Detailed planning covers one to three years. Revenue growth is calculated individually for each operating segment. If it is apparent with one year of planning and an expected increase of incoming cash flows that an impairment will not have to be recognised, further detailed planning is omitted. Thus, the average sales growth of each segment that was used as a basis was considered to be between 5 % to 19 %. The average planned revenue growth stands at medgineering GmbH stands at 49 %, and 28 % at adesso health solutions GmbH. Future sales growth estimates are based on past sales development, expected sales growth in the operating segments and the future development of the market and the overall economy. Hence, adesso has calculated the long-term growth rate for cash flows to be 1 % – as in the previous year. This growth rate does not exceed the long-term expected growth rate for adesso's markets. The company bases its estimates for future cash flows, where possible, on estimates by external analysts. The gross margin (EBT/(sales revenues less cost of materials (above all procured services))) results from the planning for the individual segments. In addition to sales revenues, they also result from the expected expenses incurred by the segments. These are determined individually on the basis of historical performance and expected future developments.

adesso conducts its impairment test based on an after tax assessment. The interest rate before taxes is then calculated as required by IFRS. This is the interest where the cash value of cash flows before taxes corresponds to the amount calculated according to an after tax assessment. This interest rate after taxes corresponds to the weighted average cost of capital determined using the capital asset pricing model. Key parameters for this calculation are the risk-free interest rate (0.0 %, previous year: 0.6 %), a beta factor derived separately for the IT Services and IT Solutions segments from a representative peer group (constituting systematic risk), a market risk premium (7.0 %; previous year: 6.5 %; as the difference between the expected yield of a reference market and the risk-free interest rate), the tax rate and the borrowing cost rate. The parameters underlying the calculation of the weighted average cost of capital are based on sources external to the company.

In the course of a sensitivity analysis, adesso examined the need for impairment of goodwill in case of possible changes to key parameters for the impairment test. An increase in the weighted average cost of capital by 1 percentage point before taxes, 10 % lower cash flows and a 1 percentage point lower gross margin (EBT/(revenues less cost of materials)) were assumed as possible changes. No change in these variables would result in an impairment having to be recognised.

Financial assets and financial liabilities

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

The table below shows the carrying amounts as well as the fair value of the financial assets and liabilities. Determining fair values of financial assets and liabilities is based on the market rates of similar financial instruments. A separate disclosure of the fair value of the lease liability is not required pursuant to IFRS 7.29 (d).

in EUR k	Valuation category	30 Jun 2020			31 Dec 2019		
		Carrying amount	Fair value	Fair value level*	Carrying amount	Fair value	Fair value level*
ASSETS							
Cash and cash equivalents	AC	34,805	34,805	-	46,352	46,352	-
Trade receivables	AC	83,653	83,653	-	86,272	86,272	-
Other financial assets		2,912	2,912	-	2,178	2,178	-
of which measured at fair value	FV	1,202	1,202	3	351	351	3
of which others	AC	1,710	1,710	-	1,827	1,827	-
TOTAL		121,370	121,370		134,802	134,802	
EQUITY AND LIABILITIES							
Trade payables	AC	14,237	14,237	-	14,274	14,274	-
Loans	AC	53,903	54,671	3	56,685	57,531	3
Other financial liabilities		1,045	1,045		1,282	1,282	
of which measured at fair value	FV	1,045	1,045	3	1,084	1,084	3
of which others	AC			-	198	198	-
TOTAL		69,185	69,953		72,240	72,240	

* For further information please refer to Section II.6.19 in the consolidated notes for 2019, page 95.

AC: Measured at amortised cost

FV: Measured at fair value

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

Appropriation of net income

The (virtual) Shareholders' Meeting of adesso SE on 3 June 2020 approved a distribution of dividends for the financial year 2019 in the amount of EUR 0.47 (previous year: EUR 0.40) per share. The dividend payment made by adesso SE in the reporting period totalled EUR 2,903 thousand (previous year: EUR 2,779 thousand).

Equity

The share capital of adesso SE, Dortmund, Germany, was EUR 6,176,093 as at the reporting date (31 December 2019: EUR 6,176,093). It is divided into 6,176,093 (31 December 2019: 6,176,093) bearer shares (no-par shares). The face amount per share is EUR 1. For information on the further development of the share capital, please refer to the section Events after the balance sheet date.

Authorised capital

The new authorised capital 2018 resolved in the Shareholders' Meeting on 5 June 2018 (EUR 2,469,681) was unchanged as at 30 June 2020 and amounted to EUR 2,469,681.

Conditional capital

As at 30 June 2020, conditional capital amounted to EUR 550,000 (conditional capital 2015 and 2020). The conditional capital 2015 was partially cancelled at the Annual General Meeting on 3 June 2020, decreasing from EUR 500,000 to EUR 50,000 in accordance with the existing options. At the same time, new conditional capital 2020 in the amount of EUR 500,000 was resolved. The conditional capital increase is intended for exercising options granted to adesso SE employees, management personnel and members of the Executive Board, as well as employees and managers of affiliated companies under a 2020 stock option plan.

A total of 57,448 options from the conditional capital 2015 were issued in the issuing period. Of these, 9,000 options had expired at the time of the resolution of the Annual General Meeting on 3 June 2020 on the partial cancellation of the conditional capital 2015, resulting in 48,448 options still outstanding as at 30 June 2020. Of these, 7,500 options were exercisable as at 30 June 2020.

Segment Reporting

The allocation of adesso Group companies to the segments and the determination of the segment result have changed compared to financial year 2019 in that smarthouse adesso financial solutions GmbH (IT Solutions) and gadiv GmbH (IT Solutions) were merged into adesso SE (IT Services). The previous year's figures have been adjusted accordingly.

SEGMENT REPORTING, FIRST HALF OF 2020					
<i>in EUR k</i>	<i>IT Services</i>	<i>IT Solutions</i>	<i>Reconciliation local laws/ IFRS</i>	<i>Consolidation/ other</i>	<i>Group</i>
Revenues with external customers					
Services	205,627	26,886	9,271	12	241,796
Licences	3,022	1,255	-	-	4,277
Revenues with other operating segments	37,846	5,707	-	-43,553	-
TOTAL REVENUES	246,495	33,848	9,271	-43,541	246,073
Other operating income	8,063	1,744	-3,670	-2,116	4,021
Changes in inventories	7,994	1,485	-8,777	-	702
Own work capitalised	-	-	-	125	125
Costs of material	-63,026	-10,346	-	43,081	-30,291
Personnel costs	-150,219	-25,934	4,850	228	-171,075
Other operating expenses	-29,702	-5,378	5,457	1,625	-27,997
EBITDA	19,605	-4,581	7,131	-598	21,558
Depreciation and amortisation	-3,278	-883	-7,149	-1,187	-12,497
Amortisation of goodwill	-2,139	-294	2,433	-	-
EBIT	14,189	-5,758	2,415	-1,785	9,061
Income from financing and investment activities	305	-30	-786	-868	-1,379
EARNINGS BEFORE TAX (EBT)	14,494	-5,788	1,629	-2,653	7,682
Amortisation of goodwill	2,139	294	-2,433	-	-
EBT before amortisation of goodwill	16,632	-5,494	-804	-2,653	7,682

SEGMENT REPORTING, FIRST HALF OF 2019

<i>in EUR k</i>	<i>IT Services</i>	<i>IT Solutions</i>	<i>Reconciliation local laws/ IFRS</i>	<i>Consolidation/other</i>	<i>Group</i>
Revenues with external customers					
Services	166,041	22,210	10,436	-	198,687
Licences	3,533	11,085	-	-	14,618
Revenues with other operating segments	30,031	6,302	-	-36,333	-
TOTAL REVENUES	199,605	39,597	10,436	-36,333	213,305
Other operating income	7,679	1,442	-3,539	-2,561	3,021
Changes in inventories	8,640	557	-9,052	-	145
Own work capitalised	-	-	-	216	216
Costs of material	-52,073	-8,723	156	36,073	-24,567
Personnel costs	-125,837	-21,802	4,643	389	-142,607
Other operating expenses	-32,645	-5,662	4,403	2,388	-31,516
EBITDA	5,369	5,409	7,047	172	17,997
Depreciation and amortisation	-2,712	-503	-5,459	-1,844	-10,518
Amortisation of goodwill	-1,526	-388	1,914	-	-
EBIT	1,131	4,518	3,502	-1,672	7,479
Income from financing and investment activities	3,453	-32	-586	-3,795	-960
EARNINGS BEFORE TAX (EBT)	4,584	4,486	2,916	-5,467	6,519
Amortisation of goodwill	1,526	388	-1,914	-	-
EBT before amortisation of goodwill	6,110	4,874	1,002	-5,467	6,519

The following table shows the allocation of sales with external customers by the customer's registered office and non-current material and intangible assets by the location of the assets to geographical segments as required by IFRS 8.

<i>in EUR k</i>	<i>External sales revenues by the customer's registered office</i>		<i>Non-current assets (including rights of use from leases)</i>	
	<i>1st HY 2020</i>	<i>1st HY 2019</i>	<i>30 Jun 2020</i>	<i>31 Dec 2019</i>
Germany	193,694	171,167	132,147	127,437
of which: goodwill			34,694	34,693
Austria	5,081	3,906	4,836	4,192
of which: goodwill			3,552	3,552
Switzerland	36,252	28,985	17,064	17,118
of which: goodwill			10,509	10,312
Other	11,046	9,247	3,466	3,961

More than 10 % of the sales generated by adesso were not applicable to any one customer in the interim reporting periods 2020 and 2019.

SUPPLEMENTARY INFORMATION

Long-term remuneration

Long-term remuneration is calculated on the basis of the parameters described in the Annual Report 2019.

Remuneration of the virtual shares granted to the Executive Board amounted to EUR 0 thousand during the reporting period (H1 2019: EUR 242 thousand).

Related party disclosures

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

As at 30 June 2020, there were no significant changes to the related party disclosures included in the consolidated financial statements for 2019.

Earnings per share

As at 30 June 2020, 5,563 outstanding options for the purchase of one share under the employee participation plan (H1 2019: 5,769) had to be taken into account in calculating the diluted earnings per share.

1st HY	2020	2019
Proportion of consolidated earnings allocated to adesso SE shareholders (in EUR k)	5,501	4,075
Average number of shares issued and outstanding	6,176,093	6,176,093
Undiluted earnings per share (in EUR)	0.89	0.66
Average number of shares issued and outstanding, including the dilution effect of outstanding options	6,181,656	6,181,862
Diluted earnings per share (in EUR)	0.89	0.66

Other disclosures

The Executive Board and Supervisory Board found approval of their actions at the Annual Shareholders' Meeting on 3 June 2020. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Dortmund, Germany was appointed by the Annual Shareholders' Meeting as auditor of the annual financial statements and consolidated financial statements for financial year 2020. In addition, the Annual General Meeting also resolved a new authorisation for the acquisition and utilisation of own shares until 2 June 2025. The previous authorisation expired on 1 June 2020.

Events after the balance sheet date

On 1 August 2020 adesso acquired the business operations of .dotkomm GmbH, Cologne, Germany. .dotkomm is an established company for the successful design of digital touchpoints, as well as for response and conversion optimisation based on neuromarketing concepts. The fixed purchase price amounted to EUR 2,150 thousand and was paid in cash. In addition, there is a conditional purchase price obligation of EUR 250 thousand which is dependent on whether a specific profit target is achieved for financial year 2020. adesso considers it probable that the profit target will be achieved.

The identification and valuation of the acquired assets and liabilities has not been completed.

Together with Asseco Poland S.A., adesso is currently founding the joint venture adesso banking solutions GmbH, Frankfurt, Germany, which will offer a new core banking system for the German-speaking market. The approval of the German antitrust authority was attained on 10 June 2020 with that of the Polish anti-trust authority following on 17 June 2020. On that basis, adesso banking solutions GmbH can presumably be founded at the beginning of the second half of 2020.

The share capital of adesso SE was increased by 6,250 shares on 2 July 2020 within the scope of the share option programme, with the total now amounting to EUR 6,182,343. It is divided into 6,182,343 bearer shares.

STATEMENT OF THE LEGAL REPRESENTATIVES

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

Dortmund, August 2020

adesso SE



Michael Kenfenheuer



Andreas Prenneis



Dirk Pothen



Stefan Riedel



Jörg Schroeder

FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements that pertain to the business, financial position and income of adesso SE. Forward-looking statements are not historical facts and are indicated by a number of terms, including “believe”, “expect”, “predict”, “intend”, “forecast”, “plan”, “estimate”, “endeavour”, “foresee”, “assume”, “pursue the goal” and other similar expressions. Forward-looking statements are based on current plans, estimates, forecasts and expectations and are therefore subject to risks and elements of uncertainty that could result in significant deviations between actual developments, income and performance and the developments, income and performance explicitly stated or implicitly supposed in the forward-looking statements. Readers are advised not to place undue faith in these forward-looking statements, which are valid solely at the moment at which they are made. adesso SE does not intend to publish an update of these forward-looking statements to take into account events or circumstances that take place or arise after the date of publication of this interim report and does not assume any liability for doing so.

INVESTOR RELATIONS

The Share

First Half of the Trading Year 2020 – General Conditions

The first half of the trading year 2020 was marked by the coronavirus pandemic, which resulted in extreme developments. Never before has the DAX fallen so rapidly in such a short space of time and then recovered so quickly. By 18 March 2020 the DAX had lost 39 %, or 5,347 points, compared to its new all-time closing price high on 19 February 2020. By 5 June 2020 it had almost returned to its level at the start of the year, gaining an impressive 52 %. Investors started 2020 with tailwind. The positive market sentiment at the end of 2019 continued into January. The strong start in 2020 was due to the maintenance of low key interest rates and the partial agreement in the trade war between the US and China. Following its strong performance in 2019, the DAX rose by 2 % in the year's first few weeks of trading to a new all-time closing price high of 13,577 points on 24 January 2020. Concerns about the novel coronavirus that was spreading in China and its potential effect on the economy subsequently resulted in just a small decline at first, with investor confidence soon returning. The DAX rose by a further two percentage points to a new record closing price of 13,789 points on 19 February 2020. By that date the TecDAX had gained 9 %. The spread of the coronavirus to other countries put a sudden end to the positive market sentiment. Massive stock market losses from 20 February reflected investors' new concerns about a pandemic and the possible impact on global economic growth. A fall of more than 12 % in the last trading week in February alone represented the biggest weekly loss for the DAX since the stock market crash in August 2011. In the second trading week in March, the DAX's negative development accelerated, and it dropped by more than 15 %. Investors reacted to the feared global spread of the virus with a historic daily loss of 12 % on 12 March 2020. There has only been one slightly higher daily loss in the DAX's 60-year history. The half-year low on 18 March 2020 was followed by an equally unprecedented recovery. On 24 March 2020 the DAX rose by almost 11 % in a single day as a result of speculation about rescue packages in the course of the COVID-19 pandemic. The effective measures

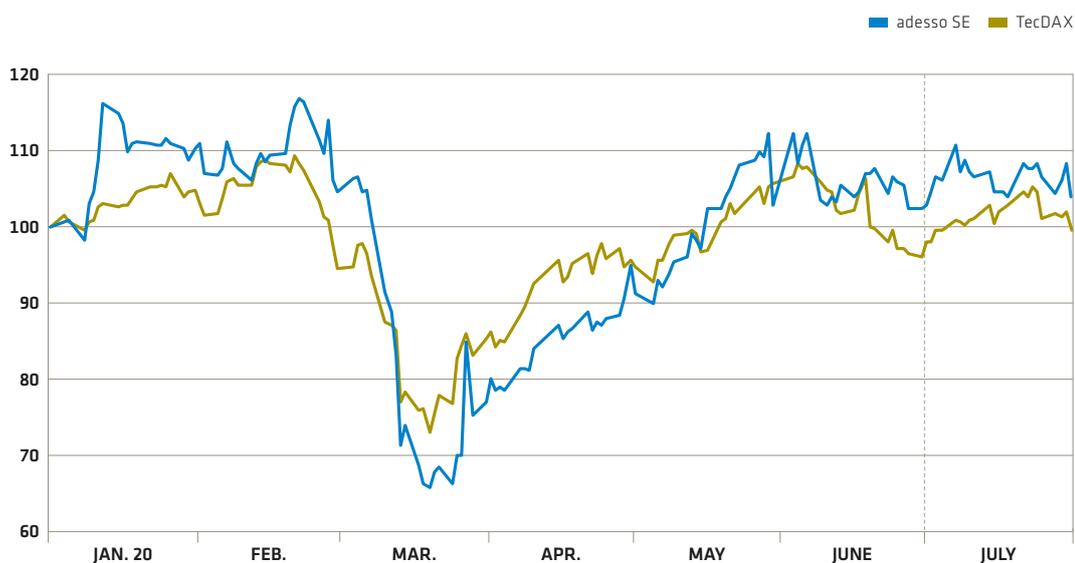
to control the virus, and huge packages of economic assistance, resulted in consistent positive development of the DAX until the end of June. On 30 June 2020 it closed at 12,311 points, just 7 % lower than at the end of 2019 despite the massive crash. During this period, the TecDAX recovered even better from its temporary drop of 27 % since the start of the year, achieving an increase of 8 % compared to the end of 2019. However, during a phase of general consolidation, the technology index fell back into negative territory to close at 2,954 points by the reporting date (30 June 2020), or 2 % lower than at the end of 2019. The MDAX saw somewhat weaker development and closed at 25,840 points with loss of 9 %.

Development of adesso shares

In the first trading weeks of the year, the adesso share developed strongly in the continuing positive market environment. As a result of the company being presented at a capital market conference and a previous positive assessment by an analyst, the share reached a closing price of EUR 62.20 in brisk trading on 9 and 10 January 2020. In the days that followed, it was unable to maintain its level above EUR 60 as trading volumes declined, and displayed largely sideways development below that price into February. The publication of preliminary figures in an ad-hoc release on 17 February 2020 created further positive impetus. On 20 February the share reached its annual high to date, closing at EUR 62.50 for an interim book profit of 17 % compared to the closing price for 2019. In the course of the huge declines in the benchmark indices due to concerns about the further spread of the novel coronavirus, the adesso share lost all of its strong gains since the start of the year. The share lost almost 44 % of its value, falling to an annual low of just EUR 35.20 on 18 March 2020 before seeing an equally rapid rise in the course of the general recovery. The publication of good quarterly figures that confirmed the guidance for the year as a whole on 14 May 2020 offered additional support and allowed the share to reach the EUR 60.00 mark again on 28 May 2020. Thanks to this strong recovery, the adesso share once again outperformed the selection indices. Volatile sideways development until the end of June followed, with a closing

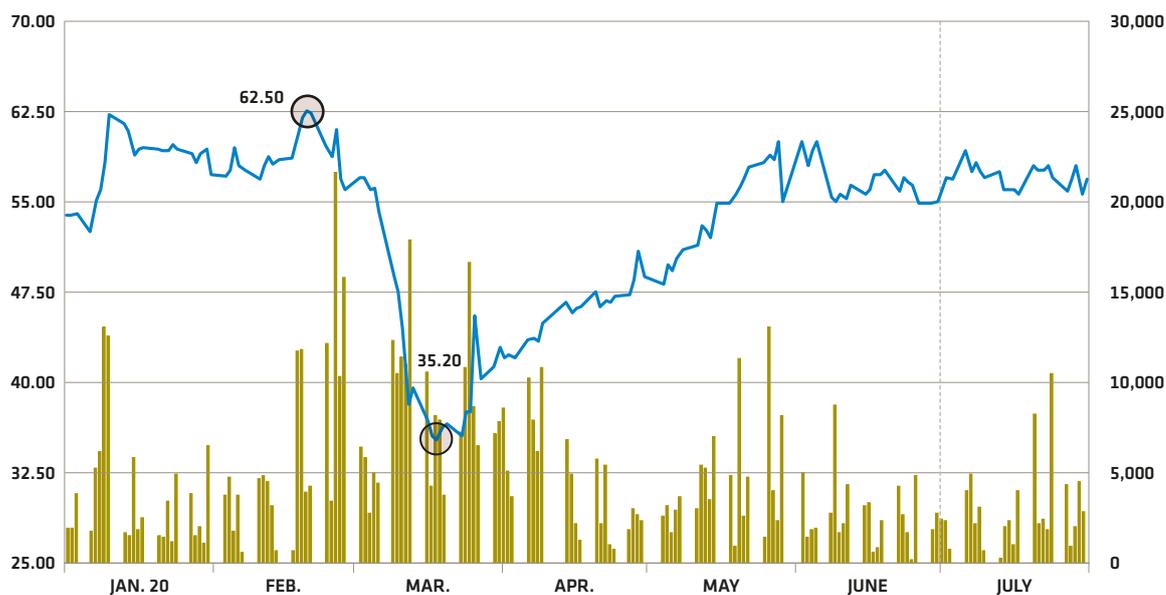
DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE TECDAX

indexed



DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

in EUR/trading volumes in shares



price of EUR 55.00 on the reporting date (30 June 2020). As a result, the adesso share – unlike the indices – achieved a small book profit of 3 % compared to the 2019 closing price, thereby outperforming the TecDAX by five percentage points.

adesso's market capitalisation therefore increased in the first half of 2020 by 3 % to EUR 339.7 million from EUR 330.4 million at the end of 2019. The average monthly volume of adesso shares traded in the first half of the year was EUR 7.6 million, an increase of 99 % in trading volume compared to 2019 as a whole. In the first half of the year, an average of 7,069 shares were traded each day, a rise of 99 % compared to 2019. The strongest trading day was 26 February 2020, with 28,504 shares, 21,525 of which were traded via Xetra. On average, the number of adesso shares traded per month amounted to 147,278.

Development so far in the second half of 2020

The upward trend in the benchmark indices largely continued in July on the back of hopes for a further economic recovery and the avoidance of new restrictions due to the coronavirus. Driven by optimism regarding the EU financial package agreed on 21 July 2020, the DAX rose back above the 13,000-point mark in the penultimate trading week of July. During the consolidation that followed, and as a result of new concerns about growth that emerged in late July due to a smattering of disappointing corporate reports, the German benchmark index declined significantly in the period to 31 July 2020 to close at 12,313, 7 % below its 2019 closing level. The TecDAX also MDAX also lost a considerable proportion of their gains in July, but were both able to retain two percentage points of the increases achieved since 30 June 2020. At the end of the month, the TecDAX stood at 3,005 points, the same level seen at the end of 2019. The MDAX closed down 7 %. The adesso share was able to further build on its leading position in July. Its price increased by a further 3 % to EUR 56.80 at month's end, thereby achieving a gain of 6 % compared to the end of 2019, which equalled its outperformance of the TecDAX reference index.

Capital measures

In July 2020, share capital increased by EUR 6,250, from EUR 6,176,093 to EUR 6,182,343, after stock options from the company's stock option programme were exercised.

Dividends

The (virtual) Annual Shareholders' Meeting on 3 June 2020 approved the proposal of the Executive Board and Supervisory Board regarding the appropriation of net income and resolved to increase the dividend by 4 % to EUR 0.47 per share. The dividend was credited to shareholders' custodian accounts from 8 June 2020.

Shareholder structure

The largest shareholder of adesso SE, with 27.9 % of the voting rights, is Prof. Dr. Volker Gruhn, who holds his shares indirectly via the investment company Setanta GmbH. Prof. Dr. Volker Gruhn is the Chairperson of the Supervisory Board of adesso SE and its co-founder. The other co-founder, former member of the Executive Board Rainer Rudolf, who has been a member of the Supervisory Board since 2013, holds the second-largest share of the voting rights – 17.6 %. adesso SE's Supervisory Board holds 45.9 % of the company's share capital, while its Executive Board holds 0.5 % of the share capital. The majority of the assigned voting rights, 67.7 %, are still held by private investors. A further 22.7 % are held by institutional investors. The remaining 9.6 % of the company's shares cannot be clearly assigned to a specific class of investor. According to Deutsche Börse AG's definition, the free float is 44.6 %. That figure has not changed since it was reported in the Annual Report 2019.

Investor Relations Activities

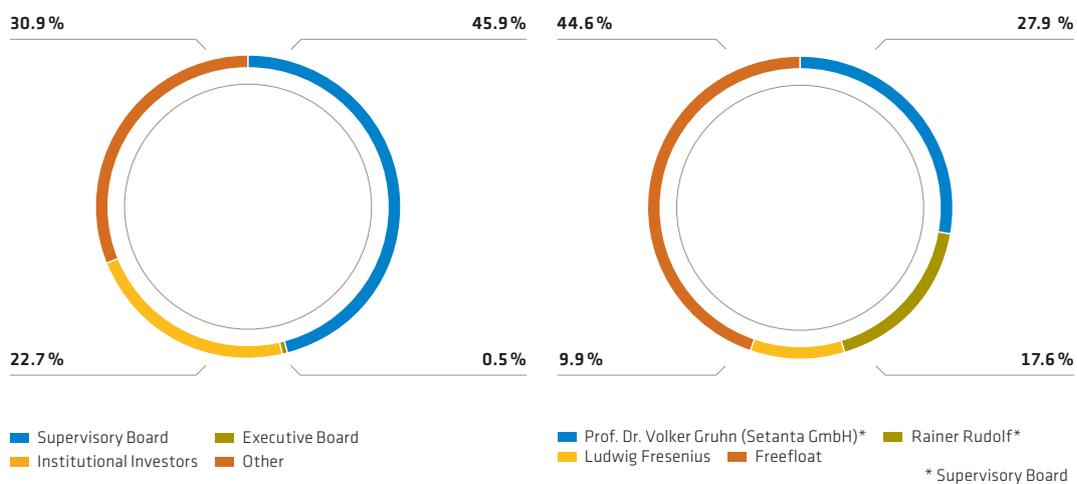
Our investor relations activities are dedicated to active communication and ensure that our business activities are transparent. We not only strive to offer ultimate transparency and ready access to information, but also actively seek dialogue with institutional and private investors, analysts and financial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

In the first half of 2020, adesso SE and its equity story were presented at two capital market conferences, including a conference in France. A roadshow was also held in Frankfurt am Main. Relations with analysts and professional investors were also strengthened in numerous one-to-one meetings. Three further conferences are planned in the sec-

The following table shows the most important share data for the first half of 2020 and for each quarter:

SHARE DATA

	Q1	Q2	1st HY 2020
Price at the end of the period	42.85	55.00	55.00
Development (in %)	-20	3	3
Development of TecDAX (in %)	-14	-2	-2
Highest price in EUR	62.50	60.00	62.50
Lowest price in EUR	35.20	42.00	35.20
Volatility (90 days at the end of the quarter in %)	64.0	69.1	69.1
Trading volumes in shares per trading day	8,448	5,622	7,069
Trading volumes in EUR per trading day	436,380	290,227	365,057
Number of shares	6,176,093	6,176,093	6,176,093
Market capitalisation in EUR million	264.6	339.7	339.7



ond half of the year. They include participation in the German Equity Forum Online, Europe's largest capital market event for corporate financing. Due to the coronavirus, most events this year will be carried out by video conference rather than on site.

Analyses/Research

Since the publication of a baseline study in October 2016, the adesso SE share has been regularly assessed in updates and comments by Warburg Research. Furthermore, valuations are published by the independent analysts of SMC Research, who have been tracking adesso's development since 2013. In order to strengthen transparency and further expand capital market relations, adesso has also been collaborating with the independent European financial services company Kepler Cheuvreux since the second quarter of 2019. The baseline study was published in September 2019. The latest updates

from the current analysts were published in May 2020. Warburg Research recommends buying, with a price target of EUR 75.00 (14 May 2020). SMC Research also issued a buy recommendation and estimates the fair value to be EUR 69.20 (15 May 2020). The analyst from Kepler Cheuvreux issued a buy recommendation for the adesso share, with a target price of EUR 55.00 (15 May 2020). Since the beginning of 2011, trading of the adesso share has been supported by Oddo Seydler Bank AG (formerly: Close Brothers Seydler Bank AG), the designated sponsoring market leader.

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BASIC SHARE DATA

		1st HY 2019	1st HY 2018
ISIN	DE000A0Z23Q5		
WKN (national security identification number)	A0Z23Q		
Symbol/Code	ADN1		
Reuters Instrument Code	ADNGK.DE		
Bloomberg Symbol	ADN1:GR		
First day of trading	21.06.2000		
Trading platforms	Xetra, Tradegate Exchange		
Market segment	General Standard/ Regulated Market		
Number of shares	6,182,343	6,176,093	6,176,093
Currency	EUR		
Nominal value	No share with nominal value: EUR 1.00 (mathematically)		
Share capital	EUR 6,182,343		
Voting rights per share	1		
Index	CDAX, DAXsector All Software, DAXsubsector All IT-Services, General All-Share, General Standard Index		
Reporting standard	IFRS		
End of financial year	31.12.		
		Xetra closing price at the end of the period (EUR)	51.30
		Market capitalisation at the end of the period (EUR million)	316.8
		Earnings per share (EUR)	0.66
		Cash flow per share (EUR)	-1.97
		P/E Ratio	38.9
		Price-To-Cash-Flow Ratio	-13.0

RECOMMENDATIONS FROM THE FINANCIAL MEDIA AND ANALYST'S OPINIONS

Date	Subject/ Recommendation	Evaluation	Source
2020-08-15	adesso: Important resistance is overcome	With the breakout above a significant resistance level, music comes to adesso's stock, as the sideways range of the last 20 months was left behind. If the 20-year high is now also cracked, there is no longer any relevant technical resistance. We are confident and increase the price target to 80 Euros. Inclusion in recommendations: 17.12.19 at price: € 53.70, current price: € 64.20, current performance: +20.43 %, price target: € 80.00.	Der Anleger Brief
2020-07-22	adesso: IT with a familiar touch	[...] In the past five years, the share price of the company has increased by more than 200 percent, especially in 2016. adesso is currently valued at the stock exchange at around 350 million Euros.	Frankfurter Allgemeine Zeitung
2020-07-03	adesso makes a sensible purchase	With the acquisition of a digital agency adesso expands its market power in the field of holistic customer experience management. [...] The acquisition, which is expected to be in the low single-digit million euro range, is financed from existing liquid funds. With this acquisition the Dortmund company will further boost its growth. [...] These are good prospects, which should also give the share (57.00 Euro; DE000A0Z23Q5), which has recently run out of steam, a tailwind. But we remain skeptical. Liquid assets [...] will be further reduced by the acquisition. Counter-financing with outside capital is [...] also not ideal. Especially in these uncertain times, we prefer companies that build up reserves. Therefore you should not be involved in adesso.	Platow Börse
2020-06-09	adesso: margin and more	[...] After all, in our opinion adesso is one of the highest quality IT service providers on the domestic stock exchange list. Assessment: Buy.	boersen- gefluester.de
2020-05-15	Buy	Target price: 69.20 €	SMC Research
2020-05-15	Buy	Target price: 55.00 €	Kepler Cheuvreux
2020-05-14	Buy	Target price: 75.00 €	Warburg Research
2020-05-07	Discount instead of Ritzy: realistic rival prices	We can maintain our previous positive assessment of adesso SE even after 2019 [...]; because the expansion of IT systems and digitalisation in all areas is predicted to be even more important than before, and the Dortmund consultants will be more in demand than ever with their services and products. After the distortions still to be expected in 2020, the expansion in Germany and abroad should continue in a recovering economy. However, even then, faster growth than the market is likely to take its toll on earnings. However, further price setbacks could be worthwhile with a view to 2021.	Nebenwerte Journal
2020-03-13	Top five: Want some quick wins in March? Five German stock ideas	Warburg Research's equity conviction list again outperforms the market as a whole this year. From the list of recommendations with the so-called high conviction stocks Börse Online presents five German stocks for which the analysts expect rapid price gains due to the hoped-for positive news flow. [...] The share price of adesso rose from EUR 5.75 to EUR 66.80 between 2012 and 2018. This is a performance that was worthy of all honours. However, a sideways trend that has been prevailing since the beginning of 2017 can currently be observed. [...] Only if this trend breaks out, new sustainable chart signals and thus new investment signals will emerge.	Börse Online

FINANCE CALENDAR

<i>Date</i>	<i>Event</i>
2020-01-09 to 10	23rd ODDO BHF Forum, Lyon
2020-02-24	Roadshow, Frankfurt/Main
2020-03-31	Publication of the 2019 annual report, financial press / analyst conference, Dortmund
2020-05-14	Interim announcement of the group within the 1st half-year
2020-06-03	Regular ASM, Dortmund
2020-06-08	Dividend Payment
2020-06-30 to 07-02	Online 1on1 Summer Summit (Spring Conference 2020, Frankfurt/Main)
2020-08-31	Publication of the 2020 half-year figures
2020-09-01 to 09-02	German Fall Conference 1on1 Summit 2020 (virtual)
2020-09-21	Berenberg and Goldman Sachs Ninth German Corporate Conference (virtual)
2020-11-13	Interim announcement of the group within the 2nd half-year
2020-11-16 to 18	Deutsches Eigenkapitalforum Online

IMPRINT

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