DATAGROUP
IT Services + Solutions

Annual Report 2015/2016

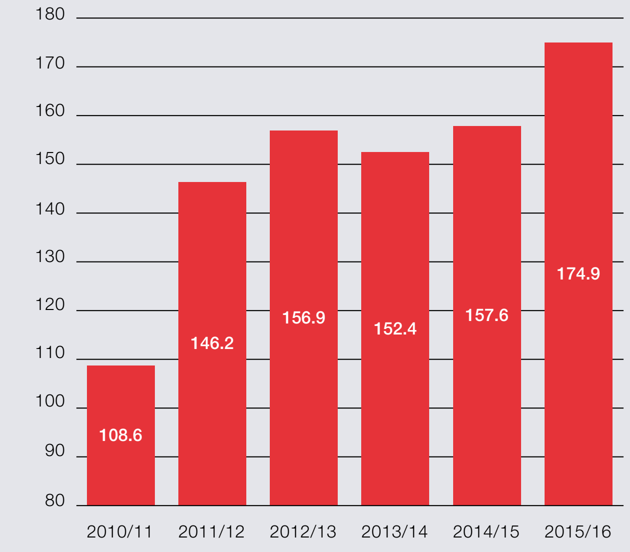
We manage IT

Overview of Key Figures

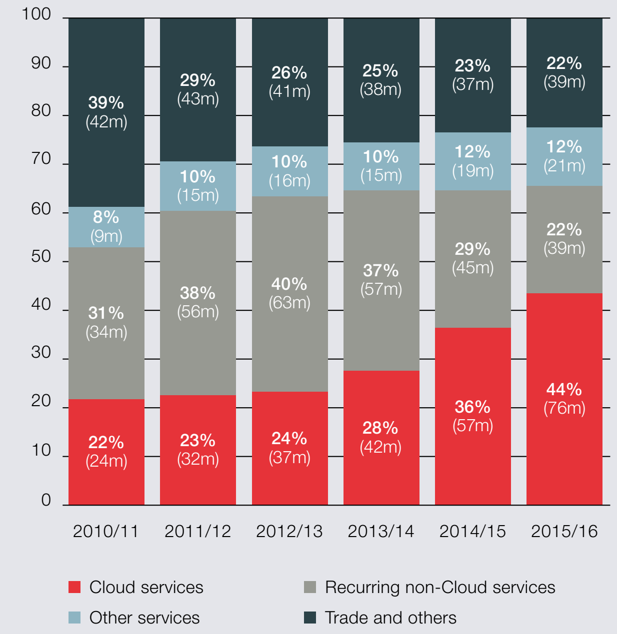
Annual Report of DATAGROUP SE, Pliezhausen, for the fiscal year 2015/2016

Figures in TEUR	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Revenues	**108,550**	**146,183**	**156,935**	**152,380**	**157,574**	**174,918**
thereof services	94,200	97,265	94,861	93,237	92,166	101,681
thereof solutions & consulting	14,673	50,642	64,773	63,015	71,919	79,934
thereof other/ consolidation	–323	–1,724	–2,699	–3,872	–6,511	–6,697
thereof services and maintenance	66,391	102,980	116,082	114,413	120,773	135,907
thereof trade	41,838	42,923	40,541	37,707	36,592	38,821
thereof other/ consolidation	321	280	312	260	209	190
Other own work capitalised	**467**	**600**	**422**	**127**	**348**	**487**
Total revenues	**109,017**	**146,783**	**157,357**	**152,507**	**157,922**	**175,405**
Material expenses/ Expenses for purchased services	46,280	56,103	56,593	54,990	53,176	58,172
Gross profit	**62,737**	**90,680**	**100,764**	**97,517**	**104,746**	**117,233**
Personnel expenses	47,836	67,472	74,401	71,507	77,087	85,710
Other income etc.	2,481	3,198	3,758	2,999	4,581	8,416
Other expenses etc.	11,366	16,857	17,568	17,323	16,901	20,836
EBITDA	**6,016**	**9,549**	**12,553**	**11,686**	**15,339**	**19,103**
Depreciation from PPA	1,030	2,751	3,297	2,900	2,789	2,642
Other depreciation	1,336	3,006	3,165	2,573	2,946	3,786
EBIT	**3,650**	**3,792**	**6,091**	**6,213**	**9,604**	**12,675**
Financial result	–910	–209	–1,853	–2,456	–1,824	–2,584
Restructuring expenses	0	0	1,757	1,400	0	0
EBT	**2,740**	**3,583**	**2,481**	**2,357**	**7,780**	**10,091**
Taxes on income and profit	–622	1,034	582	1,266	2,857	4,376
Net income	**3,362**	**2,549**	**1,899**	**1,091**	**4,923**	**5,715**
Shares[1]	5,722	6,892	7,572	7,572	7,572	7,572
EPS (in EUR)	**0.59**	**0.37**	**0.25**	**0.14**	**0.65**	**0.75**
[1] plus treasury shares	98	8	18	18	18	18

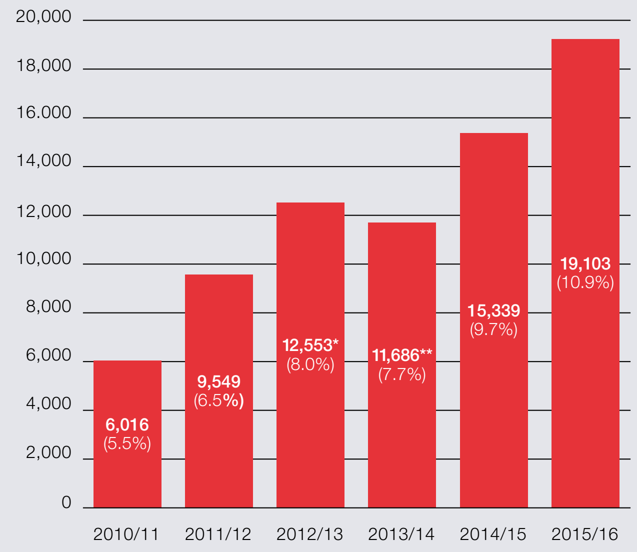
REVENUE DEVELOPMENT (in EUR M)



REVENUE SHARES (in %/EUR M)

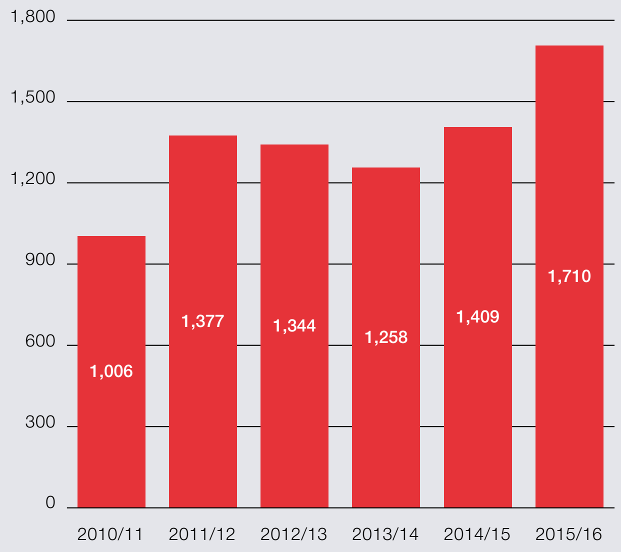


EBITDA (in TEUR) and EBITDA-MARGIN (in %)



* Before extraordinary expenses.
After extraordinary expenses 10,796 TEUR.
** Before extraordinary expenses.
After extraordinary expenses 10,286 TEUR.

EMPLOYEE DEVELOPMENT (as at 30.09.)



Contents

Letter to Shareholders

Dear Shareholders,

Fiscal year 2015 / 2016 was very successful for DATAGROUP – and very eventful. We have generated strong double-digit growth and record earnings and, at the same time, have laid key foundations for the future. This includes in particular the successful takeover of 306 SAP and application specialists from Hewlett-Packard Enterprise (HPE), one of the largest transactions in the company's history. The conversion of DATAGROUP AG to a European Company, Societas Europaea, exactly ten years after the IPO, also was an important step into the future.

In a nutshell, it has been a year that fits perfectly to DATAGROUP, as agility, creative drive and innovative strength are integral parts of our company's DNA. Whether this relates to the adaption of new technologies, the consistent adaptation of our service production to changes in the customer requirements or inorganic growth spurts through targeted company acquisitions: The market for IT services is changing very dynamically and we want to actively shape the direction of change within the scope of our long-term growth strategy DATAGROUP 2020. We have proven this once again in FY 2015 / 2016.

The record levels in revenue and earnings reached so far were significantly exceeded in the period under review. Sales revenue climbed by 11 % to EUR 174.9 m and thus were at the upper end of our guidance of EUR 167–175 m. Above all, we expanded the core business with high-margin Cloud services and revenue was even boosted by one third to EUR 76 m.

This outstanding development played a major role in driving earnings before interest, taxes, depreciation and amortisation (EBITDA) by 25 % to EUR 19.1 m. The EBITDA margin has climbed in the double-digits to 10.9 % for the first time. EBITDA thus also reached the upper end of our guidance (EUR 15.5 – 20 m). The ability to deliver on our forecasts is very important for us, as it proves that agility and dynamics at DATAGROUP go hand in hand with a reliable, long-term oriented corporate planning.

In addition to strongly improved operating earnings, the negative purchase price of the HPE deal has also contributed to the record result. Conversely, earnings were impacted by one-time special effects: extraordinary tax and interest expenses as a result of a tax audit, costs for the conversion to a European Company as well as acquisition-related restructuring costs at DATAGROUP Vega. In spite of these extraordinary expenses, net profit grew strongly from EUR 4.9 m to EUR 5.7 m, which corresponds to earnings per share of 75 cents. Without the negative one-time effects, earnings per share would have amounted to even 99 cents.

The takeover of the IT specialists from HPE was without any doubt the most important event of the year and will help to significantly improve profitability and growth opportunities. We have made good progress in integrating these new employees. On September 1, DATAGROUP assumed operational responsibility for HPE's existing customers. It worked extremely smoothly. It is equally important that we retain the new employees in the long term. There is good new here as well: 301 of the 306 HPE employees originally taken over are still on board four months after the transfer of undertakings. This is a great sign of confidence in the sustainability of DATAGROUP we are very happy about.

We have significantly expanded our technological expertise and our innovative power with the new colleagues and have sustainably strengthened DATAGROUP's competitiveness. For instance, in SAP HANA, a key technology for digital transformation, where we advanced into the top group of the leading service providers in Germany. As a result, we have won first new customers for our full-service offer CORBOX. The HPE deal has brought us a lot closer to our goal of becoming the leading outsourcer and Cloud provider for companies between 250 and 5,000 IT workplaces in Germany by 2020.

From left to right: Max H.-H. Schaber, CEO of DATAGROUP SE
Dirk Peters, COO of DATAGROUP SE

We are also extremely pleased with the sales outcome. The companies' progressing digitisation results in a growing demand for Cloud and outsourcing services. In this respect, CORBOX has established itself firmly in the market. In FY 2015 / 2016, we have gained 18 new major customers in the CORBOX environment and were successful in upselling products to 8 existing customers. We are consistently expanding the business with long-term contract-based Cloud services, thus increasing the proportion of recurring earnings in revenue. This brings about high security and predictability of the business development and minimises economic and market risks.

We are constantly developing CORBOX further to be able to respond to customer needs even better. One key for this is the Cloud enabling platform: We integrated existing offers of Cloud service providers in CORBOX, enrich it with additional service components and combine it in a fail-safe way with our own Cloud and outsourcing services. For instance, we are one of the few German providers allowed to offer Microsoft's Cloud services from our own domestic data centres. The concept of the Cloud enabling platform will give our Cloud business a further boost.

A major reason for DATAGROUP's outstanding development is the proximity to our customers. High customer satisfaction is a key to our success. Many customers in our strategic target group, the upper Mittelstand, switch from their old service provider to us because they are looking for an IT partner at eye level, who is speaking to them from entrepreneur to entrepreneur. That DATAGROUP is at the top in customer satisfaction has been confirmed by the largest independent Europe-wide study on IT outsourcing. In the German part of the study, we ranked second in customer satisfaction among 22 leading international and national IT outsourcing service providers – and thus moved up another place compared to the previous year. We are very proud of this excellent result – and we are working hard to further increase our customers' satisfaction!

Our direction for FY 2016 / 2017 and the following year is clear: We want to continue to grow and consistently take advantage of the opportunities that the market has to offer. FY 2015 / 2016 has provided an excellent starting base. We certainly want our shareholders to participate in this great development. Management and supervisory board therefore will propose to the Annual General Meeting to again raise the dividend in this year.

We would like to express our sincere thanks to our shareholders, customers and partners for the confidence they have invested in us. Our special thanks go to our employees, who have made DATAGROUP's success possible also during the last fiscal year.

Max H.-H. Schaber
CEO of DATAGROUP SE

Dirk Peters
COO of DATAGROUP SE

Supervisory Board Report

Dear Shareholders,

In the period under review (from October 1, 2015 to September 30, 2016) the supervisory board gathered for a total of four meetings (27.01.2016, 17.03.2016, 13.06.2016, 29.09.2016). Additionally, there were inaugural meetings of DATAGROUP's newly elected supervisory board on March 17, 2016 as well as three meetings held by telephone, primarily related to the takeover of employees from Hewlett Packard Enterprise (10.02.2016, 24.05.2016, 05.07.2016). On September 5, 2016, a strategic workshop was held with the management board to discuss DATAGROUP's positioning in the context of the corporate strategy DATAGROUP 2020 and beyond.

The supervisory board has kept itself informed outside of board meetings with regular written and verbal reports from the management – particularly about the current course of business in relation to the budget approved by the supervisory board – and has provided the management board with advice and support. The supervisory board was involved in all decisions with significant consequences and has always been informed comprehensively.

Transactions requiring consent in accordance with the company's statutes and rules were discussed and approved by the supervisory board. In the current fiscal year, this mainly applied to the takeover of employees from Hewlett Packard Enterprise.

No committees were formed.

The reports of the risk management system were presented to the supervisory board on a regular basis. There were no risks threatening the company's existence at any time to the shared opinion of management board and supervisory board.

The annual financial statements of DATAGROUP SE, the consolidated financial statements and the group management report of DATAGROUP SE as well as the report of the management board on the relations to affiliated companies of DATAGROUP SE have been audited and approved with an unqualified audit opinion by auditing and tax consulting company BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Gänsheidestr. 67–74, 70184 Stuttgart, which was chosen for the audit. The annual and consolidated financial statements including group management report as well as the report of the management board on the relations to affiliated companies were distributed to the supervisory board members in advance.

The supervisory board has noted and approved the findings of the auditors:

"On completion of our review and assessment of the management board report of DATAGROUP SE, Pliezhausen, on the relations to affiliated companies for the period under review from October 1, 2015 to September 30, 2016 we confirm that

1. the facts set out in the report are correct.
2. the company's compensation with respect to the legal transactions presented in the report under the circumstances known at that time was not unreasonably high; whether or not disadvantages were compensated for.
3. there is no reason to evaluate the measures mentioned in the report in any way other than as evaluated by the management board."

From left to right: Dr. Helmut Mahler, Member of the Supervisory Board; Dr. Carola Wittig, Deputy Chairman of the Supervisory Board; Heinz Hilgert, Chairman of the Board of DATAGROUP SE

After thorough examination, the supervisory board has approved and thus adopted the annual financial statements prepared by the management board in the supervisory board meeting on January 19, 2017, in which the auditor reported on the main findings of their audit and was available for questions. The consolidated financial statements including group management report for the fiscal year ending September 30, 2016 were examined and approved in a similar way. Based on the final result of the examination of the annual financial statements, the consolidated financial statements and the group management report as well as the report of the management board on the relations to affiliated companies the supervisory board does not raise any objections. By order of January 19, 2017, the supervisory board approves the proposal of the management board regarding the appropriation of the profit.

The supervisory board offers the sincerest thanks and respect to the management board and employees of DATAGROUP SE for their sustainable successful work.

Pliezhausen, January 19, 2017

Heinz Hilgert
Chairman of the Supervisory Board

We manage IT

CONTENTS

Agility and customer orientation are our recipe for success

The IT services market is rapidly changing driven, for instance, by new technologies such as Cloud computing, which enable companies to be much more efficient and flexible. Or by IT mobilisation: Smartphones, tablets and the like sustainably change how and where we work. And the heading “Industry 4.0” even declares the next IT-supported industrial revolution.

IT has become an indispensable means of production for companies across all industries. What is more: IT itself is driving the entrepreneurial development. Because we know from experience: We must continue to develop ourselves to convince our customers of our competence and to remain successful.

Therefore our vision is:

We are the agile IT service provider with the highest customer satisfaction.

Please read on the next pages how we, at DATAGROUP, live agility and consistent customer orientation.

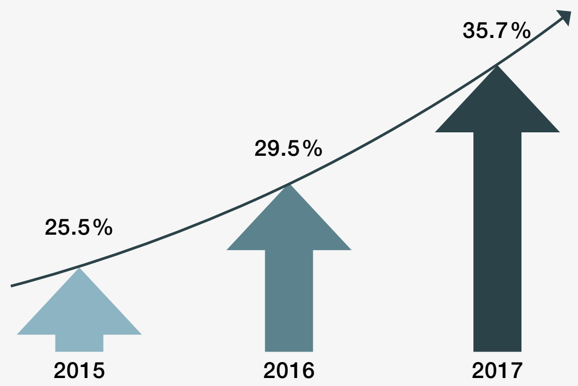
DATAGROUP: Agile partner for digital transformation

Digitisation has radically changed both the economy and the society – and companies across all industries are faced with huge challenges. To successfully tackle digital transformation, companies need a partner at eye level. A partner who strengthens them and eases the burden, helping them to fully focus on the further development of their core business. With CORBOX, we have created a custom-fit solution for this challenge. CORBOX sets a new standard for fail-safe processes, efficiency and flexibility in IT operations – and thus is the optimal platform for digital transformation.

CORBOX stands for “Corporate IT – Out of the Box”. The concept is based on a modular suite of IT services covering all sectors of corporate IT operations. What is new about CORBOX? We convert IT services into products with clearly defined quality features, which customers can choose from a catalogue. They are perfectly compatible, individually combinable and therefore can be very flexibly adopted to the actual requirement in the company. IT becomes a reliable and efficient means of production. In this way, we enable our customers to drive the digital transformation of their business.

Digitisation accelerates the trend towards IT outsourcing

As part of the digital transformation, German companies increasingly rely on outsourcing. This result is obtained from studies conducted by market research company Lünendonk on the market for IT sourcing consulting in Germany in 2015 and 2016. Accordingly, a growing share of IT services in the sourcing mix of German Mittelstand and large companies has been bought externally between 2015 and 2017. While in 2015 CIOs still planned to outsource one fourth of their IT services and render three fourths internally, the outsourcing share is expected to grow to 36 % by 2017 already.



CIO’s planning: Average share of IT services in Mittelstand and large companies, which is planned to be outsourced to external service providers. (Source: Lünendonk 2015 and 2016)

ABOUT THE STUDY:
Specialised sourcing consultants play an ever more important role in the IT outsourcing market. This is why DATAGROUP, together with Lünendonk, has initiated a study three years ago to gain a better knowledge about the structures and trends among these important players in the market. More than 100 CIOs of Mittelstand and large companies as well as leading IT sourcing consultants in Germany are interviewed for this study on an annual basis. The entire study can be downloaded for free on our website under https://www.datagroup.de/it-sourcing-studie.

CORBOX
IT-Services by DATAGROUP

Data Center Services	Network Services	End User Services
Application Management Services	SAP Services	Printing Services
Communi-cation + Collabora-tion Services	Big Data Services	Service Desk
Security Services	Monitoring Services	Continuity Services

Our CORBOX guarantees highest quality

All CORBOX IT services are based on standardised and controlled processes and meet the quality criteria of industrial production. This guarantees a **consistently high process and service quality** and factory-made reproducible services.

Service level agreements guarantee **maximum service and cost transparency**. This is the basis for economic IT.

Our services are based on the best practices of the IT Infrastructure Library (ITIL©). **Professionalism is not only lip service but part of our company's DNA**. This is documented by our extensive ISO 20000 certification – the highest possible standard for professional IT service management.

CORBOX provides customers with the **highest level of flexibility**. The modular system with 12 service families allows them to choose exactly those services they need and to combine them with each other – and precisely in the required quality.

All CORBOX IT services are "**made in Germany**": This guarantees the stringent conformity with the strict German data protection guidelines. For a maximum IT security, our data centres are also voluntarily certified according to ISO 27001.

The continuous improvement of our services and processes is an integral part of our IT service management systems – and we consider it self-evident. For instance, by providing new services in the areas of Cloud computing and SAP.

Local sites and central service factories for an optimal combination of economic efficiency and customer proximity

Highly standardised processes and services, which we continually improve, are one side of the medal for success. Proximity to our customers is the other one. We are achieving this through an optimal combination of local and central production. This means: Parts of our service production – service desk, data centre and SAP services – are virtually centralised in service factories. This leads to economies of scale and quality advantages through specialisation and a better utilisation of experts and systems.

The remaining CORBOX services such as end user and printing services are still produced at the local sites in all important economic regions of Germany. Likewise, the entire service management and thus responsibility towards the customer that our service promise is kept is carried out by the local DATAGROUP companies. They and their respective managers at the helm are the key contact partners at eye level for the customers.

Thanks to the combined service delivery model with local sites and centralised virtual service factories we can produce all CORBOX services efficiently and in top quality in Germany while remaining close to our customers.

Alexandra Mülders, Managing Director
DATAGROUP Köln GmbH

Customer reference: CHRIST Juweliere und Uhrmacher seit 1863

CHRIST Juweliere und Uhrmacher seit 1863 GmbH (jewellery and watches since 1863), located in Hagen, Germany, is the no. 1 jeweller and operates more than 220 specialist shops with more than 2,400 employees in Germany and Austria. As a jeweller for life, CHRIST is the top address for diamonds, glamorous jewellery and the art of watchmaking. Since 1863, our heart beats for enthusiasm, inspiration and giving joy – with passion, excellence and innovation.

What we provide to our customer:

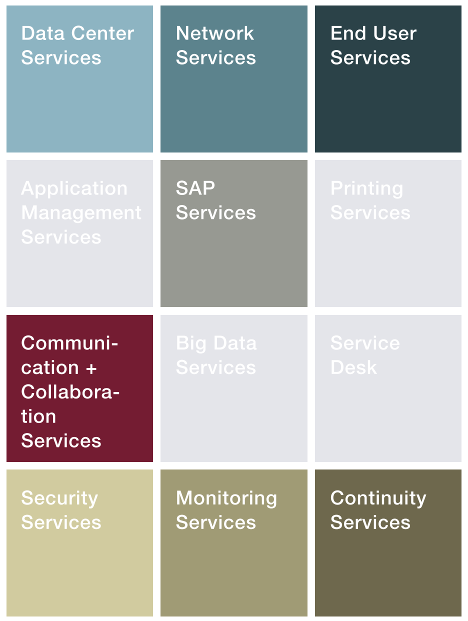
Within the context of the sale by the parent company at that time, CHRIST was looking for a partner which would smoothly isolate the IT systems from the group's IT and reliably operate them afterwards. As an expert for complex carve-out projects and ISO-certified service processes, DATAGROUP won the tender process against renowned competitors.

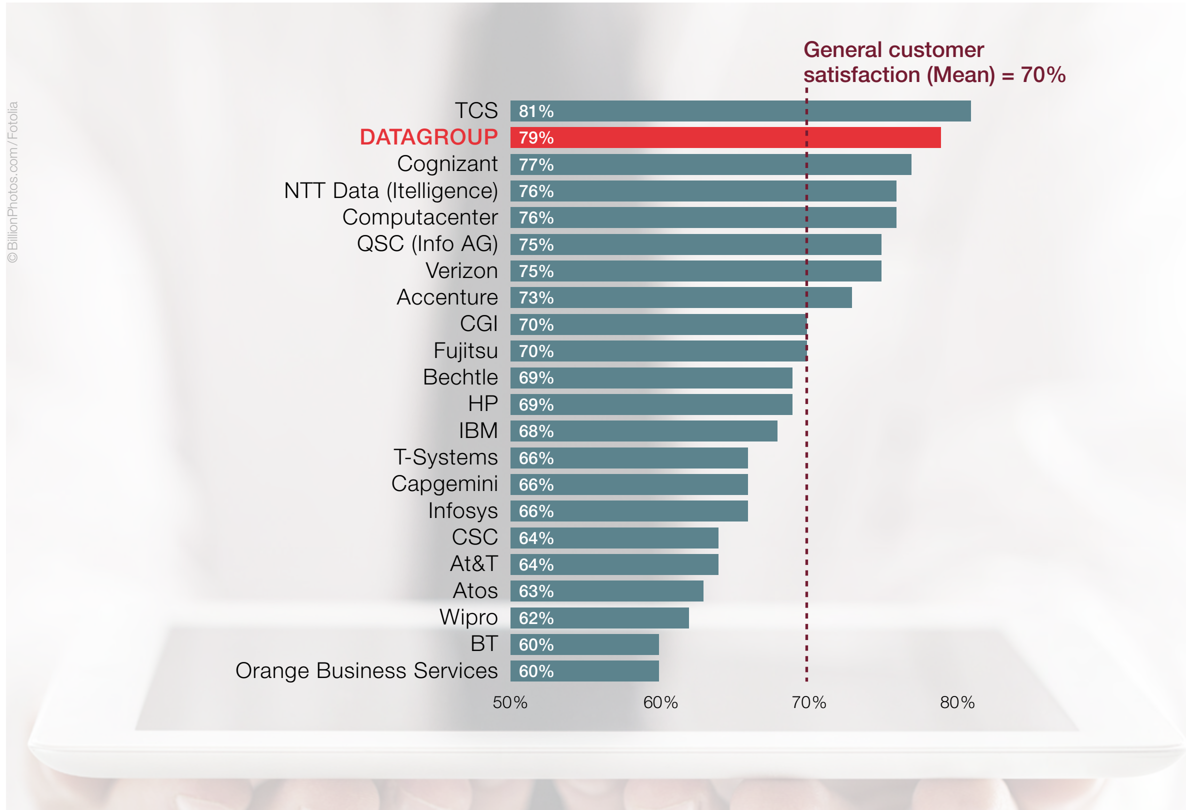
Since 2016, we have been responsible for the IT infrastructure operations of CHRIST: From networks and email systems to software distribution on the workstations. Additionally, all of CHRIST's data and applications were migrated to the DATAGROUP Data Centre, including the complete SAP landscape. CHRIST now benefits from the high flexibility of the CORBOX shared services. The range of services can be adapted to the dynamic need of the retail business, for instance in the pre-Christmas period when sales are particularly high. DATAGROUP and CHRIST consistently use the same IT service management tool and the corresponding ISO 20000-certified processes. This ensures that all areas of corporate IT work smoothly and are fully compatible with each other.

And this is what our customer says:

"DATAGROUP has proven to be an absolutely reliable partner at eye level. We are particularly impressed that the promise was kept to really accomplish the complex transition as part of the carve out within the offered budget!"

Melanie Thomann-Bopp, Managing Director,
CHRIST Juweliere und Uhrmacher seit 1863 GmbH





General customer satisfaction
Source: 2016 IT Outsourcing Study Germany / Austria, Whitelane Research and Navisco

DATAGROUP is at the top in customer satisfaction

We are convinced: Only those who are consistently oriented towards the customers' requirements will be successful in the long term. For this reason, we strive to identify new requirements as early as possible and to transform them into efficient and high-quality solutions. This is appreciated by our customers: We are at the top in customer satisfaction among the leading IT service providers in Germany! This is the outcome of the 2016 IT Outsourcing Study conducted by Whitelane Research and sourcing advisor Navisco.

For the German part of the largest independent Europe-wide comparative study on IT outsourcing, 22 international and medium-sized IT service providers were evaluated by their respective customers. The assessments of more than 400 outsourcing contracts were incorporated into the study. DATAGROUP was second in this ranking – and thus has improved its position one notch again compared to the previous year.

DATAGROUP reached a rate of 79 % in general customer satisfaction. This is well above the average of 70 %. DATAGROUP's customers are also very satisfied in important detail categories such as quality of service delivery, flexibility and account management.

We are very proud of this excellent result – as it shows that we are close to our customers and can come up with the right answers to their questions. For more information on the study please visit whitelane.com and navisco.com.

Customer reference: Drees & Sommer

Since more than 45 years, Drees & Sommer has provided services to private and public builders as well as investors in all property-related questions. Based in Stuttgart and led by partners, the company is present at 40 locations and representations throughout the world with some 2,150 employees and sets standards in infrastructure consulting, project management, property consulting and engineering.

What we provide to our customer:

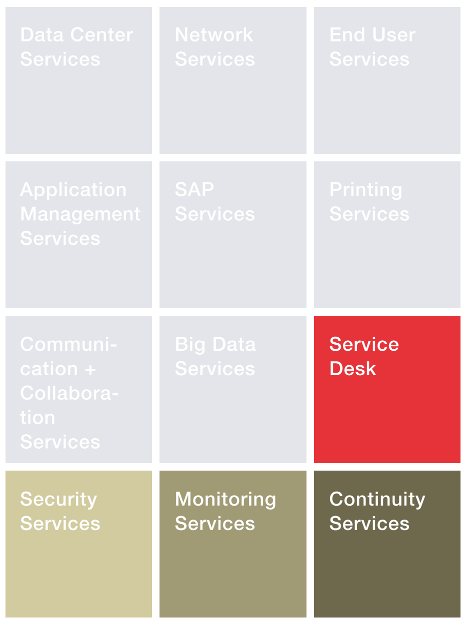
Drees & Sommer is an innovative and strongly growing company which is focused on driving digital transformation. To have their internal IT specialists concentrate on this strategic task to a stronger extent, Drees & Sommer decided to outsource the service desk to an external service provider. DATAGROUP convinced them in the call for tenders thanks to its high service and process quality, a cooperative partnership at eye level, an entrepreneurial way of thinking and a strong focus on customers.

Since September 2016, the DATAGROUP Service Desk is the single point of contact for all IT users worldwide, in German and English. Drees & Sommer pays particular attention to first-call resolution rates and fast response times, i.e. the service desk employees should solve the majority of calls and problems immediately rather than forwarding them to the downstream service units. As such, the users' ability to work is restored as fast as possible. DATAGROUP succeeds as it only employs well-trained IT experts in Germany.

And this is what our customer says:

"Outsourcing of our service desk was linked to a tight schedule and very high quality requirements. We chose DATAGROUP for the implementation as it became clear very quickly that this project would be in good hands there because of the high level of expertise and the Swabian reliability. This good feeling has accompanied us during the entire transition phase and we have not lost it in ongoing operations."

Ralf Schneller, Head of IT Purchasing, Drees & Sommer



More than one out of two companies uses Cloud services.

Share of companies using Cloud Computing
Source: Cloud Monitor 2016, Bitkom Research and KPMG

CORBOX – the Cloud enabling platform from Germany

Cloud computing is the key technology for IT of the future. The Cloud makes IT more flexible and companies more agile. With CORBOX we offer our customers a Cloud enabling platform that maximises both efficiency and security of IT. Partner programmes and new solutions for maximum reliability make CORBOX even more attractive for Cloud customers.

Cloud computing means that data and applications are stored in data centres and made available via the internet. Office programmes, for instance, are no longer installed on every single workstation. Employees rather access a programme, which actually is running in a data centre, from their PC, notebook, tablet or smartphone. Consequently, a large, very efficient computer landscape is shared by many users – a huge advantage for economic efficiency.

At the same time, Cloud-based IT always fits like a glove. After all, the Cloud-based workstations can be flexibly extended by additional applications from other Cloud providers and from different data centres at any time. IT thus can be adjusted to new requirements without any problems. In a business and working world that is increasingly characterised by mobility, global networking, project and team work as well as temporary structures this is becoming more important than ever before.

As a Cloud enabler, we integrate existing Cloud solutions of third parties such as Microsoft, enrich them with additional services, and combine them with our own Cloud and outsourcing services in a fail-safe way. This makes CORBOX the perfect Cloud enabling platform for our customers and the basis for the workplace of the future.

Roland Bihler, Managing Director
DATAGROUP Stuttgart GmbH

Microsoft Cloud services directly from our German data centre

We are one of the few Microsoft Cloud Solution Providers (CSP) with the highest partnership status in Germany. As a so-called Tier 1 partner we can directly deliver Microsoft's Cloud technology, Azure, from our own data centre in Germany, just like Microsoft Office 365. Consequently, our customers can use Microsoft's Cloud solutions easily, flexibly and in a particularly secure way via the CORBOX Cloud.

All applications and data therefore are subject to the stringent domestic data protection guidelines. This is a huge competitive advantage for us – especially among the safety-conscious German Mittelstand. Additionally, we have our data centre voluntarily certified on the basis of the internationally accepted ISO 27001 security standard and our processes according to ISO 20000 for professional IT service management. This gives our customers the certainty that their data is in good hands.

Full responsibility for fail-safe processes in the Cloud

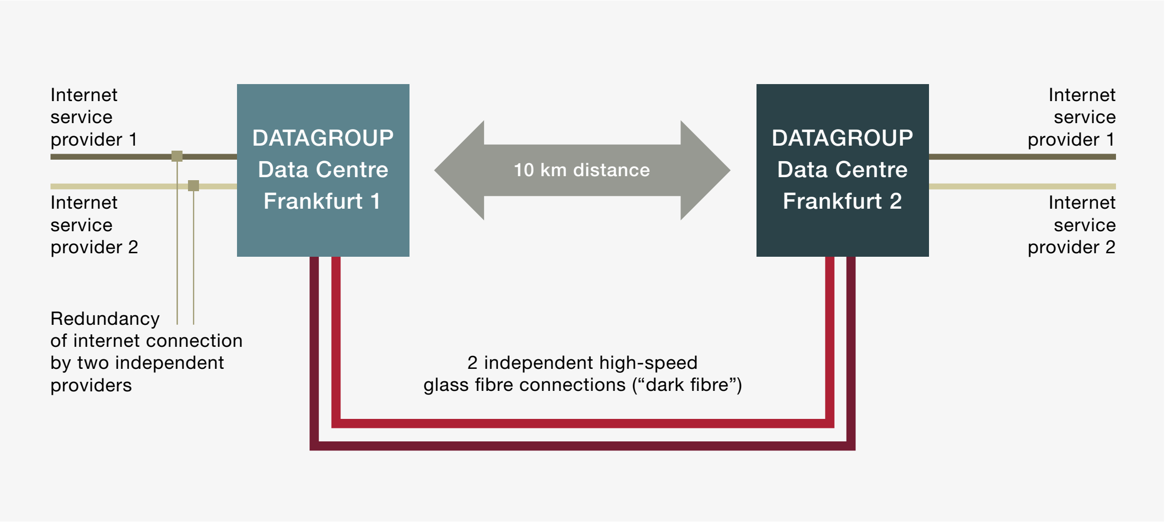
Unlike pure hosting, i.e. making available memory and computing capacity, we assume full operational responsibility for our customers: We guarantee that IT from the Cloud works in a fail-safe way! Only then IT becomes an efficient and reliable means of production for a company's success.

This also requires a maximum amount of fail-safe performance. The Cloud is the "digital heart" of corporate IT: If it fails, large parts of the company also come to a standstill. This increases the demand for solutions which minimise this risk. Business continuity, i.e. making sure that operations run smoothly even in case of a catastrophe, is one of the most important future topics of corporate IT. DATAGROUP has developed a solution for this purpose, providing intelligent networking and state-of-the-art technology. Geo-redundancy is the key here.

Geo-redundancy guarantees maximum fail-safe performance – even in case of a catastrophe

To guarantee this maximum amount of security, DATAGROUP has started running a second data centre site in Frankfurt, the most important European internet hub. It is around 10 kilometres away from our other Frankfurt-based data centre. Both data centre locations are directly connected with each other via two glass fibre cables. The connection is so quick that all the data can practically be synchronised in real time, i.e. is simultaneously available at both sites, as if the servers would be in two adjacent rooms in the same building.

This geo-redundancy ensures that the applications are continued completely interruption-free, even in the unlikely case of a catastrophe or a total failure. The IT users do not even notice this switchover. To ensure that everything does work smoothly in case of a catastrophe, extensive and stringent tests are carried out, for instance the half-yearly catastrophe simulation including a sudden total shutdown of a site.



Co-location offers maximum sustainability while costs decrease

The data centres are accommodated at two of the leading co-location providers. Co-location means that we do not build our own buildings but rent strictly secured rooms in a state-of-the-art data centre campus for our servers. We do not have to worry about buildings, climate and electricity but can fully concentrate on the data centres' pure IT operations. Each of the two locations has redundant security systems for internet access, electricity, cooling, fire protection as well as continuous access control. Co-location offers us a state-of-the-art and highly secure environment for our data centres and the possibility to flexibly grow in line with the requirements of our customers, virtually scalable at will.

Cloud enabling with CORBOX and a geo-redundant data centre for highly available and highly secure Cloud solutions – two examples of how we create added value for our customers with innovative technologies and processes.

Customer reference: NetConnect Germany

Six operators of gas pipelines cooperate under the roof of NetConnect Germany (NCG) and together they have established the largest German market area for natural gas. Roughly two thirds of the gas used by end consumers in Germany is transported via NCG's market area. NCG is responsible for the operational handling of the market area cooperation, for instance daily accounting of the gas volume fed into and out of the grid.

What we provide to our customer:

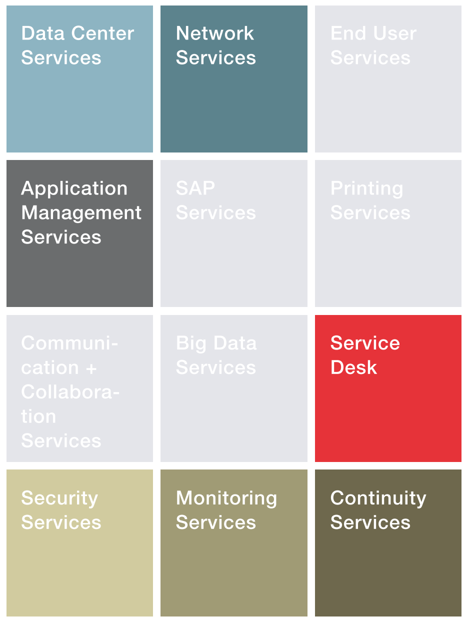
Since November 2016, DATAGROUP has assumed operational responsibility for NCG's business process IT. Its centre is made up of a Cloud solution located in our Frankfurt-based data centre, where the special applications of NCG are run. The two data centre sites are around ten kilometres away from each other and directly connected by a glass fibre ring. This guarantees that all the data is available at both sites at the same time. This so-called geo-redundancy ensures that the applications are continued completely interruption-free, even in the very unlikely case of a total failure of a data centre. This guarantees the necessary high availability of 99.8 % for the entire integrated IT systems in around-the-clock-operations. Additionally, DATAGROUP manages the network connections to the more than 400 regional market partners, for instance public utilities, and thus enables a smooth and timely data transfer.

DATAGROUP is working for NCG as a full-service provider, i.e. we do not only provide storage capacity in our data centre but also make sure that the special applications of NCG are working reliably, efficiently and securely with the help of state-of-the-art technology and our certified operational and process know-how.

And this is what our customer says:

"Operating our process IT requires a high degree of reliability, security and flexibility. We see DATAGROUP as the right partner for this provision of services under the aspect of optimal costs."

Andreas Manderfeld, Head of Operations, and Frank Zantis, Head of IT & Application Management, NetConnect Germany



Stefan Huhn, Managing Director
DATAGROUP Enterprise Services GmbH

Growth spurt via company acquisition: DATAGROUP becomes SAP HANA specialist

For DATAGROUP agility also means: securing new growth opportunities and technological expertise via company acquisitions. Just as with our most recent subsidiary, DATAGROUP Enterprise Services. It originates from the takeover of 306 IT specialists from Hewlett-Packard Enterprise (HPE) in Germany. One result of this takeover: DATAGROUP today is one of the leading providers in the area of SAP HANA, a key technology for digital transformation in companies.

Exactly ten years after the IPO in September 2006 DATAGROUP has initiated the next step of corporate development – in terms of numbers as well as know-how, as the new employees are specialists for SAP and application management services, two strategic growth areas of the DATAGROUP 2020 vision.

This takeover put DATAGROUP in a leading position among the SAP HANA service providers virtually right away. More than 100 HANA experts look after the systems of well-known international and medium-sized industrial companies. Consequently, one of the largest teams in the German provider landscape is working under the roof of DATAGROUP.

SAP HANA is a key technology for digitisation

HANA is a platform for all SAP-related business applications that are supporting in-memory technology. What is special about it: HANA uses the memory of the server instead of the hard disk drive to store data. Thus, large data volumes can be processed more efficiently and faster than before – an important building block, for instance for Industry 4.0 and business intelligence. This makes HANA a key technology for the economy's digital transformation – and DATAGROUP a preferred partner for companies that want to make their business fit for the future with SAP HANA.

Our experts advise customers with a view to meaningful and efficient fields of application of SAP HANA and have a long-standing track record in the introduction of or change to this innovative technology. Our operational expertise adds to this: In our data centre, we offer our customers both a flexible and scalable environment on a shared HANA infrastructure as well as dedicated solutions. Our customers thus receive all services necessary for the successful use of HANA from a single source.

DATAGROUP is "SAP HANA Rising Star 2017"

Based on the outstanding know-how and wealth of experience, the analysts of Experton and West Trax rated DATAGROUP as "Rising Star 2017" among the SAP HANA service providers in their latest market study.

"As a long-standing service provider in the IT and outsourcing market, DATAGROUP does not only bundle an extremely large amount of SAP competencies under one roof but also combines profound technological SAP know-how with a distinct process and transformation orientation. This and the takeover of more than 300 IT experts from Hewlett-Packard Enterprise make DATAGROUP a respected player on the SAP HANA and S/4 HANA market within the context of digital transformation."

Diana Bohr, Chief Analyst and Chief Technology Officer, West Trax

We play an active part in shaping the market

The transaction once again underlines our mission to play an active part in shaping the consolidation on the market for IT services. This has already been the eighteenth takeover for DATAGROUP since its IPO ten years ago.

Inorganic growth is a central pillar of our future strategy DATAGROUP 2020. Purposeful acquisitions are a reflection of our agility and, at the same time, an important instrument to further strengthen our innovative power and our future-proofing abilities.

Customer reference: MEZ GmbH

MEZ GmbH is the leading supplier of handcrafted products in Europe. The name MEZ stands for more than 200 years of history, a vast experience in handcrafting and a long-standing tradition. This expertise and the innovative products and concepts enable end consumers around the world to put their creative ideas into practice and enjoy handcrafting.

What we provide to our customer:

In 2015, the AURELIUS Group acquired today's MEZ GmbH from a British Group and requested DATAGROUP to provide the SAP services for the new subsidiary. To this end, DATAGROUP first had to isolate the relevant SAP systems and data from the former parent company in a carve-out project and migrate them to the DATAGROUP data centre. To some extent, this complex task required the use of in-house developed processes that were based on DATAGROUP's long-standing and comprehensive expertise in the area of IT landscape transformation.

To guarantee the systems' reliable operation it was also necessary to take over the required expertise in business and SAP system processes from the developers and consultants that had been responsible so far. This was also accomplished with the help of in-house developed processes. In December 2015, DATAGROUP eventually took over operational responsibility for the SAP systems of MEZ GmbH as well as the related services in the area of service desk, data centre and network services.

And this is what our customer says:

"We had opted for DATAGROUP because we had to focus on developing the business of our new group company. Sensitive ERP systems have to be operated free of noise; in parallel, the short-term carve-out within a period of four months required a high degree of professionalism."

Dr. Philipp Diekmann, CEO, MEZ Group

Data Center Services	Network Services	End User Services
Application Management Services	SAP Services	Printing Services
Communication + Collaboration Services	Big Data Services	Service Desk
Security Services	Monitoring Services	Continuity Services

FinTech agility for banks – with apps from DATAGROUP

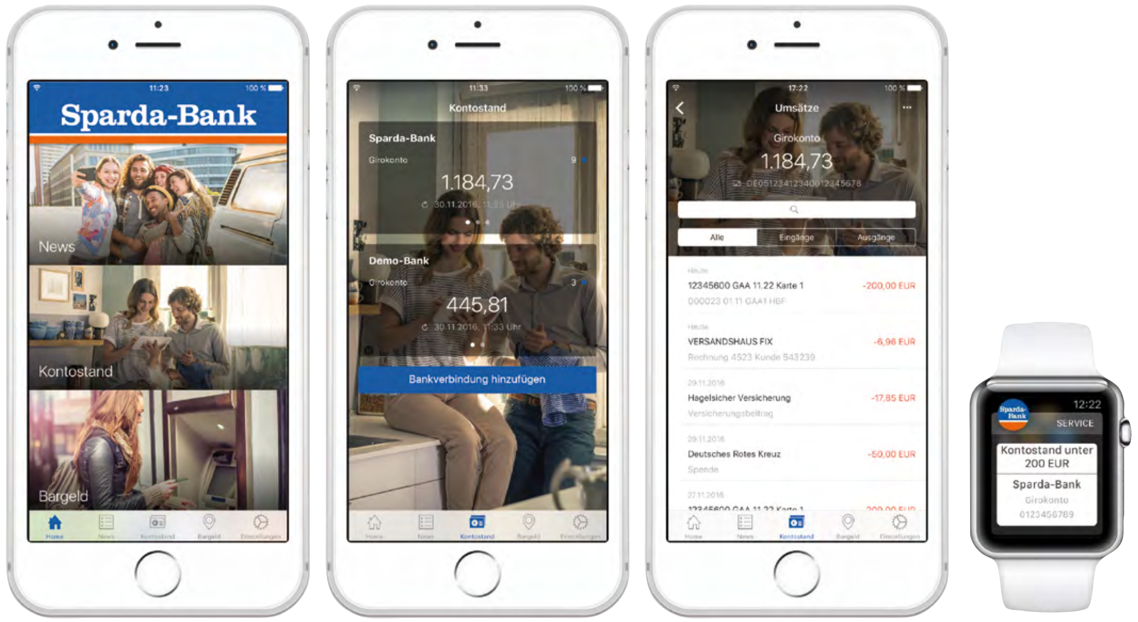
How fast and to what extent digitisation is changing the economy can be very well observed in the financial industry. So-called FinTechs and their innovative services based on new technologies are putting banks and financial institutes under the pressure to act. DATAGROUP supports financial service providers in digital transformation and establishment of new business models with the help of mobile apps and dynamic project methods.

Change comes quickly: In 2016 alone, 19 % of all banking customers have started to conduct their banking business online according to a study conducted by the Federal Association of German Banks. More than one out of two customers is already taking advantage of conducting their banking business from home or on the move. And according to market researcher Infratest, as much as 86 % of the customers inform themselves online before acquiring a financial product.

This development mainly benefits FinTechs. In most cases, these are small start-ups which are able to adapt themselves to new trends very quickly and which also drive these trends. In view of this competition, established banks find it much more difficult to adapt their inherent business models and processes to the new digital world of banking.

Mobile banking – Key to successful digitisation

This is exactly where the experts of DATAGROUP Mobile Solution come into play. They develop high-end apps helping the service provider to successfully make the leap to mobile banking. Mobilisation is the key to a successful digitisation strategy as banking customers are increasingly accessing the internet via their smartphones and tablets.



Hendrik Schultz, Managing Director
DATAGROUP Enterprise Services GmbH

Thus, the credo is “mobile first”: Mobile online banking solutions are in the focus of the user experience. Major questions, for instance about desired functions and design, must be answered by taking this user experience as basis. And the success of these apps mainly depends on their development from a customer’s point of view, i.e. a consequent orientation on customer benefit.

Agile methods dramatically shorten development time

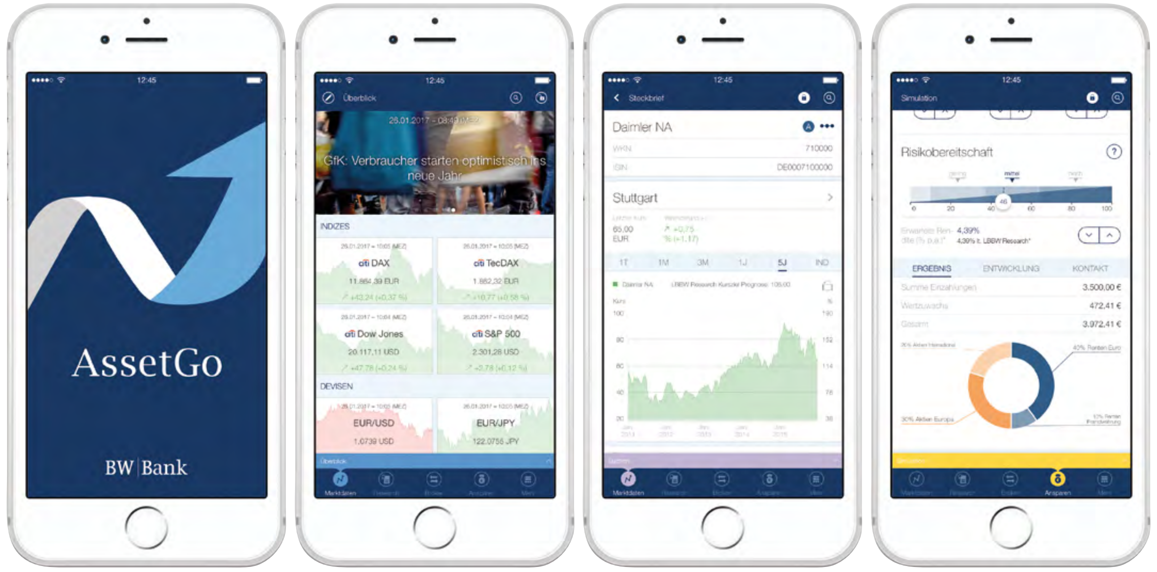
One of the factors of success also is an agile project approach. This means that the development of an app is divided in short cycles, so-called sprints, which for instance last two weeks each. At the end of each sprint, the intermediate result is presented to the contracting authority and is either accepted or changes are determined. These are applied in the next sprint.

The agile approach dramatically increases the flexibility of the development process. A project can also be started when there has been nothing but a vision or idea so far, which still has to mature. New requirements can be implemented and integrated in a timely manner during the ongoing process. When compared to traditional project methods, this significantly shortens the time from the initial idea to the solution’s market launch.

With its focus on mobile technologies and agile methods, DATAGROUP provides innovative and future-oriented digitisation solutions for banks and financial institutes, for instance a customer service app for the Sparda banks, the first insurance app for insurer Allianz or a fleet app for Deutsche Leasing.

High-end apps and CORBOX Cloud services – A perfect combination

The financial industry is just one of many examples of how we support or accelerate our customers’ digital transformation with high-end apps. What is special about our offer: Banks and insurance companies can also directly compose their individual apps on the basis of the CORBOX Cloud. Applications that are accessed by the app will then directly come from the DATAGROUP data centre in Germany. This means that the customer, product and company data used are automatically protected by the strict German data protection guidelines and by our certified security management. As a one-stop-shop, we bundle innovative mobile solutions and highest expertise in Cloud and application management services from a single source.



Customer reference: AssetGo – the BW-Bank's investment app

The AssetGo investment app expands the BW-Bank's offer for private investors. Users of this app have mobile access to current market data, analyses of the LBBW Research, portfolio management and a personal video consultation.

What we provide to our customer:

As part of our agile project, the services of DATAGROUP include our support for the concept, the user interface design, the native app development and the application management of the app for iOS and Android. At the same time, the app considers the high security standards of the banking environment and the requirements to user experience and intuitive operation.

Functions:

- Access to current market data
- Preparation of a personal watch list
- Analyses of LBBW Research
- Mobile portfolio management and brokerage
- Video and telephone consultation via WebRTC
- Investment calculator

And this is what our customer says:

"The agile approach enables a flexible implementation of our digitisation strategy. With AssetGo we have realised our first innovative mobile solution in the investment sector. AssetGo is our answer to the FinTech solutions in the market."

Andreas Bätz, Project Manager, BW-Bank

Ranga Yogeshwar, mentor of the competition (on the right), hands over the TOP 100 award to Alexandra Mülders, Managing Director of DATAGROUP Köln, and Michael Heide, Managing Director of DATAGROUP Hamburg, at the German Mittelstands-Summit in 2016 in Essen

DATAGROUP: Top innovator 2016

DATAGROUP belongs to the innovation elite of the German Mittelstand. In June 2016, we have been awarded the seal "TOP 100". This decision was based on a sophisticated, scientific selection process, in which innovative management and innovative success were examined. It was the first time that DATAGROUP participated in this competition – and we have promptly been honoured with the "Top Innovator 2016" award.

DATAGROUP is rapidly growing: Innovations for processes and products therefore play a key role, for instance the consistent industrialisation and modularisation of service production, Cloud enabling and mobile high-end solutions for the workplace of the future. The jury led by scientific journalist Ranga Yogeshwar primarily was convinced by the successful market launch of CORBOX as well as the development of the entrepreneurial future strategy DATAGROUP 2020. This year, more than 4,000 companies were interested in a participation in TOP 100, and a total of 238 received an award in several size categories. This price has already been awarded for the 23rd time.

TOP 100
top100.de
Top-Innovator 2016

Eva Türk, Managing Director
DATAGROUP Service Desk GmbH

Industry 4.0 – Successfully accomplishing the digital revolution in production

Digital transformation is also changing the way companies produce. The next industrial revolution started under the heading "Industry 4.0". By providing modular services that are produced according to industrial standards DATAGROUP supports companies on their way to digitised production.

The basic idea of Industry 4.0 sounds very promising: Production becomes more efficient, faster and more reliable through the communication and cooperation of machines, products, systems and human beings. However, its implementation is anything but easy! The sheer amounts of data, which have to be provided by a myriad of sensors in machines and products, are huge. The systems' complexity is growing as well. Not only because of the many components of production IT but also because of their connection with the original corporate IT.

The only way to automate material requirements planning, for instance, or conversely, to directly pass orders through to production, is to intelligently connect the production IT with control systems such as SAP. After all, the growing complexity also increases the demands on reliability and security of the entire IT landscape.

CORBOX services for digitised production

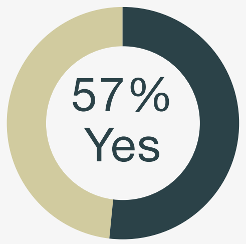
DATAGROUP supports companies in digitising their production with a high variety of solutions. As a technology platform for complex Industry 4.0 environments, CORBOX can make full use of its strengths: modularity, highly standardised processes and a service delivery based on industrial quality criteria. We are one of the few IT service providers in Germany certified according to ISO 20000 and therefore are subject to a strict quality management system that is otherwise only known in industrial production. In a nutshell: We speak the same language as our customers!

With CORBOX we support our customers, for instance, by operating secure and highly available Cloud environments, where the data streams of all components are recorded, stored and processed by the production IT's software, the so-called industrial control systems. Customers benefit both from our comprehensive expertise in operating special applications and individualised software as well as from the highly secure German data centre infrastructure.

Data security issue: Companies rely on Germany as location when it comes to Industry 4.0

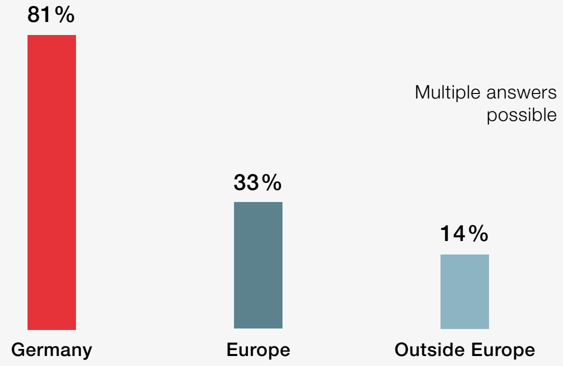
Concerns about data security are one of the biggest hurdles on the way to Industry 4.0 according to a study by consultancy company McKinsey. More than half of the industrial companies surveyed would outsource their IT systems to external service providers but most of them only in Germany.

Is IT outsourcing a viable option for you?



Source: Industry 4.0 – How to navigate digitization of the manufacturing sector, McKinsey 2015

At which location?



CORBOX also offers modular and fail-safe solutions for the second key components of Industry 4.0 landscapes: the networks. On top, we make sure that security risks are minimised and production processes are more reliable with CORBOX monitoring, security and continuity services.

Additionally, standard services such as the CORBOX Service Desk can be extended so that the tasks of the business service management or the process control can also be processed and supported. In this case, for instance, the DATAGROUP Service Desk as single point of contact would record error messages from plant and machinery, classify them and forward them to the responsible service technician of the producer or manufacturer.

Furthermore, we develop innovative solutions that support our customers in promoting digitisation of their production – from the complete solution for quality assurance in production to apps which combine the different systems' data and make them available on smartphones and tablets.

Customer reference: BITBW

Landesoberbehörde IT Baden-Württemberg, abbreviated BITBW, is the central service provider for modern information technology in the state government. BITBW was founded on July 1, 2015, as the centrepiece of IT reorganisation in the state. Some 350 employees ensure safe operations, maintenance and further development of the state's IT. All institutions and departments of the direct state government purchase IT services from the BITBW as customers.

What we provide to our customer:

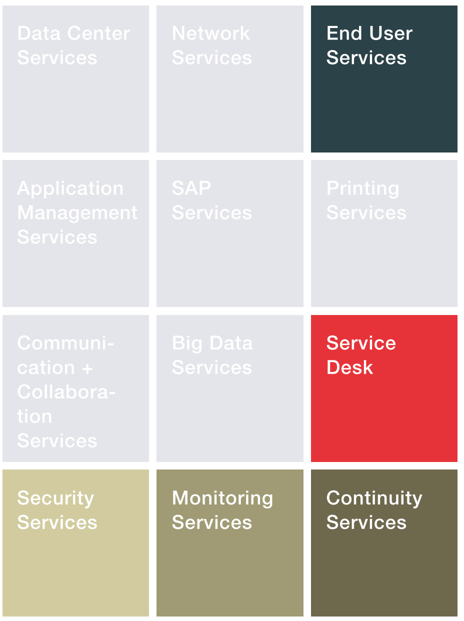
To further improve the state's IT BITBW decided to outsource both the service desk and the on-site-support for up to 45,000 IT users to an external service provider. DATAGROUP won the Europe-wide tender with the best price-performance ratio. A further advantage was the proven and ISO-certified process expertise, as the state's institutions have particularly high standards for data protection and IT security.

For a start, the service desk services will successively be taken over, i.e. the DATAGROUP Service Desk will become the single point of contact for the users in the event of disturbances, for changes and all other requests. Additionally, DATAGROUP will roll out new hardware and will then be responsible for its support. Thanks to a network of own service technicians, which is spread across the entire state with "mobile workshops", DATAGROUP also guarantees fast and qualified area-wide support when there is need for human intervention for notebooks, copiers or network devices.

And this is what our customer says:

"DATAGROUP has convinced us with its ISO-certified service concept. The presented documents were conclusive and the presentation of services was very competent. We are currently in the planned transition phase and, by working together and in partnership, are developing the necessary processes for the start of operations at our house and for the customers of BITBW."

Christian Leinert, President, BITBW



Group Management Report

CONTENTS

1. Group overview

Organisational and legal structure of the DATAGROUP Group

DATAGROUP SE (previously DATAGROUP AG) is the holding company of IT service provider DATAGROUP. DATAGROUP SE mainly includes the entities listed in the diagram below. The operating subsidiaries under the umbrella of DATAGROUP SE are divided into two segments. These segments are based on the service portfolio on which the respective companies are focused.

DATAGROUP SE, Pliezhausen

Segment "Services"

- DATAGROUP Bremen
- DATAGROUP Hamburg
- DATAGROUP Köln
- DATAGROUP Ludwigsburg
- DATAGROUP Offenburg
- DATAGROUP Stuttgart

Segment "Solutions and Consulting"

- DATAGROUP Business Solutions
- DATAGROUP Consulting
- DATAGROUP Consulting Services
- DATAGROUP IT Solutions
- DATAGROUP Mobile Solutions

"Service Factories"

- DATAGROUP Data Center
- DATAGROUP Enterprise Services
- DATAGROUP Service Desk

DATAGROUP Group (as of September 30, 2016)

The three subsidiaries DATAGROUP Service Desk GmbH, DATAGROUP Data Center GmbH and DATAGROUP Enterprise Services GmbH are specialised service factories.

They do not appear on the market themselves but rather provide services for the corporate customers of the other DATAGROUP subsidiaries as internal competence and performance centres. On September 1, 2016, 306 IT specialists for SAP and application management services were taken over from Hewlett-Packard GmbH (HPE) in Germany and integrated into DATAGROUP Enterprise Services GmbH.

Within the DATAGROUP Group, DATAGROUP SE assumes the central financing and management functions for the investments held. It provides central services such as accounting, human resources, and the central IT services for the group companies. Additionally, DATAGROUP SE provides accounting and human resources services for the main shareholder, HHS Beteiligungsgesellschaft mbH and its subsidiaries.

DATAGROUP is represented at locations throughout Germany.

Since the IPO in 2006, DATAGROUP SE has acquired 18 companies or business units, including the takeover of 306 specialists from HPE in FY 2015/2016. The acquisition strategy primarily focuses on IT service companies in Germany. It is based on a buy-and-build strategy (i.e. the acquired companies complement or strengthen DATAGROUP's existing service portfolio) and a buy-and-turnaround strategy (i.e. the acquired companies are in situations of radical change).

DATAGROUP SE integrates the acquired companies into the Group. In this process, the individual companies remain unchanged as much as possible so as not to jeopardise the proximity to the customer and the customer relationships that to some extent have been existing for decades.

All companies are managed under the nationwide uniform brand. Newly acquired companies are renamed after a transition period. In FY 2015/2016, Excelsis Business Technology AG changed its name to DATAGROUP Mobile Solutions AG. An umbrella brand campaign throughout Germany actively promotes the perception of DATAGROUP and an increase in brand awareness within the relevant target groups.

The DATAGROUP Group is to grow within the context of this acquisition strategy in the future as well.

Focus of activity, sales markets and competitive position of DATAGROUP

"We manage IT" – this claim concisely sums up DATAGROUP's core competence. The business activities of the DATAGROUP companies comprise the operation and further development of their customers' infrastructure.

DATAGROUP IT-Services focus on the fail-proof operation of IT infrastructures. With CORBOX, a suite of IT services, DATAGROUP offers its customers a modular all-in-one-solution for carefree IT operations. CORBOX is also a Cloud enabling platform, in which DATAGROUP integrates Cloud solutions of third parties such as Microsoft, enriches it with additional services, and combines it with its own Cloud and outsourcing services. CORBOX thus covers all areas of a company's entire IT operations: from service desk – the competent and reliable single point of contact for all questions and error messages of users – and management as well as onsite support of stationary and mobile IT workplaces to the entire range of Cloud and data centre services. The CORBOX services also include management of business applications and SAP systems. With CORBOX, DATAGROUP offers companies a one-stop service for their IT operations. Out of 12 combinable and perfectly compatible CORBOX service families, customers choose exactly those services which optimally support their business. Defined service level agreements guarantee maximum performance and cost transparency. The security of all centralised CORBOX services is guaranteed by ISO 27001-certified DATAGROUP data centres in Germany. Continuous monitoring of performance, capacities and security status guarantees an optimal availability of services.

Since September 2012, DATAGROUP has been ISO 20000-certified – this is the highest possible ISO certification for professional IT service management. DATAGROUP has undergone the extensive testing procedure to design its IT services according to industry standards and to consistently improve them. CORBOX customers benefit from the certified quality: Their IT services always are state-of the-art – and this also includes security and compliance. All CORBOX services are based on ISO 20000-certified processes according to ITIL® and meet the quality criteria of industrial production. This guarantees a consistently high process quality, service quality and safety. DATAGROUP is one of the few providers of IT services in Germany, which has standardised its entire service processes in accordance with ISO standards. In September 2015, the ISO 20000 certification was successfully extended by three years. With the help of CORBOX, company IT becomes a reliable and efficient means of production for business success.

DATAGROUP's IT consultants and solution experts also support customers in the digitisation of their company. The innovative solutions and technologies of these experts ensure that the company IT optimally supports the business processes. SAP HANA, for instance, is a technology platform which will be of vital importance for the digital transformation of companies. DATAGROUP employs one of the largest SAP HANA teams in the German provider landscape and was awarded "Rising Star" of the German SAP HANA provider landscape by Experton's and West Trax's market analysts in October 2016. Numerous carve-out projects as part of the outsourcing of business units and other IT transformation projects have made DATAGROUP an expert in IT landscape transformation. In software development DATAGROUP also has many decades of experience in the creation, enhancement and maintenance of business applications which are tailored to business processes and market requirements. The service offering covers the entire lifecycle of the application. Additionally, DATAGROUP develops and operates high-end solutions for mobile applications. This includes, for instance, intuitively operated tablet and smartphone applications for inventory management and marketing, enabling customers to mobilise their business processes and significantly increase efficiency.

DATAGROUP exclusively works for corporate customers and is focused on German Mittelstand and large companies as well as public authorities. As a large Mittelstand company, DATAGROUP stands out for its personal closeness to the customers and the contact at eye level. DATAGROUP's full-outsourcing offer CORBOX primarily addresses companies between 250 and 5,000 IT workplaces and revenues between EUR 100 m and EUR 5 bn. Larger customers are provided with selective IT services from DATAGROUP's full-outsourcing portfolio.

DATAGROUP today is one of the leading IT service providers in Germany (source: Lünendonk).

Torsten Langer, Managing Director
DATAGROUP Data Center GmbH

2. Basic conditions

Overall economy

In FY 2015/2016, the overall economic environment was characterised by solid growth. This assessment is made by the Federal Government in its autumn outlook 2016. For the overall year, it expects the price-adjusted gross domestic product to grow by 1.8 % after 1.7 % in the previous year. Growth was mainly driven by the domestic economic forces. Building investments, government final consumption and gross fixed capital investments increased significantly in 2016 compared to the previous year. The framework conditions for private households also continued to develop favourably thanks to solid employment and wage growth.

Conversely, the external environment remained difficult. While the low oil price and exchange rate provided positive impacts, the overall sluggish development of the world economy and uncertainties caused by the Brexit decision weakened the export outlook. As a result, equipment investments of the export-oriented German economy will presumably grow less strongly in 2016 than in 2015.

Industry

The “Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.” (BITKOM, German Federal Association for Information Technology, Telecommunications and New Media) expects the German ITC market to grow to EUR 160.5 bn in 2016. This is a solid increase of 1.7 %. Generating revenues of EUR 38.2 bn, the IT services segment accounts for almost one fourth of the overall market volume. This includes outsourcing services, maintenance contracts and IT consulting. BITKOM expects the market for IT services to grow by 2.7 % in 2016 – and thus stronger again than in the previous years.

Growth in the IT services area is significantly driven by the digital transformation of companies. As a basic technology for digitisation, Cloud computing plays a central role. According to BITKOM, this includes the demand-oriented utilisation of IT services such as storage space, server capacity and business applications via internet or intranet. The “Cloud Monitor 2016” by BITKOM and auditors KPMG states that the Cloud usage of German companies has risen steadily over the past years. The rate of companies using Cloud solutions grew from 28 % to 44 % between 2011 and 2014 and jumped to 54 % in 2015. Another 18 % of the companies are discussing or planning to use Cloud solutions in the future.

Overall assessment

In FY 2015/2016, DATAGROUP reached the upper end of its guidance with an increase in revenues and EBITDA of 11 % and 24.5 % respectively, and thus has again outgrown the overall market for IT services. More than ever, DATAGROUP’s business model is strategically focused on long-term contracts with recurring earnings. The IT services offered by DATAGROUP as part of its modular all-in-one solution CORBOX are crucial for efficiently running business processes. DATAGROUP’s business development therefore is characterised by a high degree of planning and stability against economic fluctuations. The consistent implementation of future strategy DATAGROUP 2020 has led to a steeper growth path in an overall good macroeconomic environment.

DATAGROUP benefits from the long-term trend towards IT outsourcing and the intensified use of Cloud solutions, particularly for medium and large companies. IT has become a central resource for companies, which must be absolutely reliably available. At the same time, requirements to the security and flexibility of corporate IT are constantly growing, making its operation increasingly elaborate and time-consuming. Digitisation presents new challenges to companies across all industries. More and more companies are outsourcing their IT operations so that internal IT specialists can concentrate on these strategic tasks.

With the full-service offer CORBOX and the consulting and solutions portfolio, DATAGROUP is very well positioned to optimally seize the growth potential in the market for IT services. The takeover of 306 employees from Hewlett-Packard GmbH in Germany has significantly strengthened DATAGROUP’s competencies and resources in the service portfolio’s core areas that are strong in demand. The proportion of centralised Cloud services provided via the internet has been expanded once again in the fiscal year. DATAGROUP’s data centres, which are certified according to the highest safety standards, are exclusively operated in Germany. Accordingly, DATAGROUP meets the highest safety requirements which mainly customers among the larger Mittelstand companies – DATAGROUP’s primary target group – address to IT service providers. At the same time, the company has further accelerated the standardisation and industrialisation of service processes and thus has laid the foundation for a further increase in efficiency and quality in production and distribution.

The positive development is reflected in the fact that DATAGROUP once again has been included in the list of leading IT service providers in Germany by market research institute Lünendonk.

Sarah Berger, Authorative Representative
DATAGROUP Enterprise Services GmbH

Ralf Heinze, Chairman of the works council at Pliezhausen

3. Net assets, financial position and results of operations of the DATAGROUP Group

3.1. Results of operations

NET PROFIT, EBT, EBIT, EBITDA

Net profit was up 16.1 % to TEUR 5,715 in FY 2015 / 2016 after TEUR 4,923 in the previous year. EPS amounted to 75 cents per share, while it was 65 cents in the previous year. The management of DATAGROUP SE proposed to the Annual General Meeting to distribute a dividend of EUR 0.30 per share.

In FY 2015 / 2016, earnings of the DATAGROUP Group were burdened by a one-time effect of TEUR 1,237, thereof TEUR 555 for interest expenses and TEUR 682 for tax expenses. This was due to the outcome of a tax audit, according to which a profit-and-loss transfer agreement between companies of the DATAGROUP Group that was terminated in 2012 is classified as non-tax deductible with retroactive effect. The management of DATAGROUP SE considers this assessment inappropriate and announced it would appeal against the expected tax assessment notice. On the other hand, there were positive effects of TEUR 2,535 from the transaction with Hewlett-Packard GmbH (more details under "9. Other information" and in the Notes to the Consolidated Financial Statements under "3. Scope of consolidation").

Despite this additional burden, **EBT** – earnings before taxes – rose from TEUR 7,780 in FY 2014 / 2015 by 29.7 % to TEUR 10,091 in the current fiscal year.

The **financial result** stood at TEUR –2,584 in FY 2015 / 2016 after TEUR –1,824 in the previous year. The significant increase in net expenses is mainly attributable to the aforementioned special effect of the tax audit. Financing expenses for bank loans were basically kept stable thanks to the lower interest level and despite an expansion of the loan volume. Additionally, interest income and expenses declined because of a reduction in the loan volume from finance leases. The factoring volume declined as well. The recalculation of earn-out obligations resulted in expenses of TEUR 222 after TEUR 175 in the previous year. This is due to the favourable business development of the acquired company.

EBIT – earnings before taxes and financing – has improved by 32.0 % yoy and totalled TEUR 12,675 in the period under review compared to TEUR 9,604 in the previous year.

Depreciation and amortisation were up from TEUR 5,735 in the previous year to TEUR 6,428 in FY 2015 / 2016. Amortisation of order backlog and customer portfolios and other assets capitalised as part of the purchase price allocation decreased by TEUR 147 to TEUR 2,642. Other depreciation increased by 28.5 % to TEUR 3,786.

No goodwill amortisation was necessary in FY 2015 / 2016 or in the previous years. The impairment tests carried out did not point to any need for amortisation. This must be seen as an indication that the conditions for acquisitions made in the past can be rated as favourable and that DATAGROUP SE does not report any unreasonably high goodwill.

EBITDA – earnings before taxes, financing, depreciation and amortisation – amounted to TEUR 19,103 in FY 2015 / 2016 after TEUR 15,339 in the previous year. This is an increase of 24.5 %. The EBITDA margin was up from 9.7 % in the previous year to 10.9 % in FY 2015 / 2016 and thus was double-digit for the first time.

REVENUES AND ORDERS

Based on the stated growth strategy, the DATAGROUP Group continuously has reported significant increases in revenues over the last years: In the fiscal years from 2005 / 2006 to 2015 / 2016, revenues rose by 20.3 % p.a. on average. In FY 2015 / 2016, the Group recorded an increase of 11.0 % after 3.4 % in FY 2014 / 2015; revenues amounted to TEUR 174,918 after TEUR 157,574 in the previous year. After TEUR 157,922 in the previous year, the Group's overall performance amounted to TEUR 175,405 in FY 2015 / 2016.

In line with the stipulated targets, the DATAGROUP Group focused on the expansion of the higher-margin Cloud and outsourcing business. The share of services improved from 76.6 % in the previous year to 77.7 % in the current fiscal year. The share of trading revenues in the overall performance declined to 22.2 % (FY 2014 / 2015: 23.2 %).

The Solutions and Consulting segment generated unconsolidated revenues of TEUR 79,934 (previous year TEUR 71,919). This corresponds to 45.7 % of overall revenues, while the rate was 45.6 % in the previous year. The Services segment generated revenues of TEUR 101,681 (previous year TEUR 92,166, likewise unconsolidated).

DATAGROUP SE provides management and other technical and administrative services to its subsidiaries as well as to majority shareholder HHS Beteiligungsgesellschaft mbH (HHS). Services charged to HHS amounted to TEUR 175 in the period under review (previous year TEUR 175).

The business activities of the DATAGROUP Group primarily focus on Germany. The proportion of business abroad totalled TEUR 2,789 or 1.6 % in FY 2015 / 2016 (previous year TEUR 1,561 or 1.0 %).

While DATAGROUP predominantly enters medium and long-term contractual relationships in the service business leading to predictable revenues, the classical commercial business has a stronger focus on short-term contractual relationships and therefore is subject to larger fluctuations. As a result, commercial orders are

Andreas Baresel, Managing Director
DATAGROUP Business Solutions GmbH

pushed forward, especially those in relation with long-term service contracts. Order intake is largely in line with revenues.

GROSS PROFIT

Gross profit was up 11.9 % yoy to TEUR 117,233. The gross profit margin increased from 66.3 % in FY 2014 / 2015 to 66.8 % in the current fiscal year.

PERSONNEL EXPENSES

Personnel expenses amounted to TEUR 85,710 in the fiscal year after TEUR 77,087 in the previous year. A major part of growth is related to the Solutions & Consulting segment (with TEUR 4,578) and is due to the takeover of employees from Vega Deutschland GmbH in the previous year. Additionally, particularly the takeover of employees from Hewlett-Packard GmbH (HPE) led to an increase in personnel expenses (TEUR 2,776 in total) in the “Services” segment.

3.2. Financial and asset position

FINANCIAL MANAGEMENT TARGETS

A well-regulated financial and asset situation of the DATAGROUP Group is the basic condition for the feasibility of the stated acquisition strategy. This is the main reason why DATAGROUP’s corporate management is focused on financial management.

The financial management aims to secure the company’s constant liquidity. To this end, the liquidity status of both the individual group companies and the overall Group are examined on a weekly basis and short to medium-term liquidity projections are drawn up. A medium-term planning and controlling of the results and liquidity situation of the group companies ensures that financing of the DATAGROUP Group is guaranteed in the long term as well. The financial resources used, e.g. take up and extension of bank loans, issue of promissory note loans, finance lease and factoring, are subject to constant review and, if necessary, are optimised and adjusted.

Furthermore, the DATAGROUP Group has a tight debtor management to shorten the average collection period and prevent payment defaults.

In April 2016, DATAGROUP again placed promissory note loans; this time with a total volume of TEUR 30,000 and terms of between three and seven years. The company had already issued promissory note loans for a total of TEUR 23,500 in 2013. This has significantly enhanced the financial scope of the DATAGROUP Group and put the loans’ structure on a long-term basis.

CAPITAL STRUCTURE

The balance sheet total increased notably year-on-year. This is mainly attributable to the transaction with HPE, which mainly led to an increase in provisions for pension liabilities and receivables to HPE – compensation payments for pension liabilities among others. As a result of the transaction, the balance sheet total increased by some EUR 40 m.

The renewed issue of promissory note loans also led to an increase in the balance sheet total by another EUR 20 m. The placement of promissory note loans in the amount of TEUR 30,000 was offset by scheduled repayments of bank loans in the amount of TEUR 9,250.

Based on the 54.6 % increase in the balance sheet total the equity ratio of the DATAGROUP Group declined to 17.8 % on September 30, 2016 after 23.3 % on September 30, 2015. When adding the subordinate loans to the equity, the equity ratio amounted to 19.0 %.

Liquid funds rose to TEUR 24,424 after TEUR 2,265 on September 30, 2015. This increase is also due to the transaction with HPE and the renewed issue of promissory note loans.

Intangible assets decreased to TEUR 1,649, and intangible assets such as brand, order backlog and customer relationships that were capitalised as part of the purchase price allocation increased by TEUR 696 due to the HPE transaction (inflow), while the depreciation of these assets amounted to TEUR 2,642.

The investment activity as proportion of assets (without goodwill) to the balance sheet total declined to 12.3 % on September 30, 2016, while it stood at 21.9 % on September 30, 2015. In addition to order backlog and customer relationships resulting from acquisitions, assets mainly include furniture and office equipment of the DATAGROUP entities. Most of the investments made during the fiscal year, which basically relate to furniture and office equipment, were replacement purchases. Furthermore, financial assets are also tied up in existing and expanding data centres.

In view of an increasing focus on service business, inventories play a minor role in the DATAGROUP Group. Inventory turnover (inventory to sales) was down to 0.8 % after 1.0 % on September 30, 2015.

Asset turnover – this is the ratio between sales and balance sheet total – declined to 1.1 at the balance sheet date after 1.5 on September 30, 2015.

Trade receivables in the amount of TEUR 16,068 at the balance sheet date basically remained unchanged compared to TEUR 16,667 on September 30, 2015. The average collection period – this is the ratio between trade receivables and revenues multiplied by 365 (days) –

Figures in TEUR	30.09.2016	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011
ASSETS						
Non-current assets	92,178	68,062	60,754	66,109	69,647	36,861
Current assets	67,568	35,284	34,344	35,590	31,019	23,132
	159,746	**103,346**	**95,098**	**101,699**	**100,666**	**59,993**
LIABILITIES						
Equity	28,367	24,051	21,264	22,511	22,698	18,064
Non-current liabilities	97,367	39,013	44,056	49,420	32,416	17,075
Current liabilities	34,012	40,282	29,778	29,768	45,552	24,854
	159,746	**103,346**	**95,098**	**101,699**	**100,666**	**59,993**

declined from 39 days in the previous year to 34 days in the current fiscal year.

Following the renewed placement of promissory note loans in the total amount of TEUR 30,000 in April 2016 and the resulting extension of loan maturities, and due to the cash inflow from the HPE transaction, the net working capital as a difference between the current assets and the current liabilities had a value of TEUR 33,557 on September 30, 2016 after TEUR – 4,997 on September 30, 2015.

Financial liabilities increased year-on-year – from TEUR 39,218 on September 30, 2015 to TEUR 55,374 at the balance sheet date. The share of non-current liabilities was TEUR 51,837 on September 30, 2016 after TEUR 24,634 on the same date a year earlier.

Net debt declined significantly from TEUR 28,154 in the previous year to TEUR 24,724 on September 30, 2016 which is also due to the cash flow from operating activities of TEUR 9,518 generated in the fiscal year. Net debt is calculated as the difference between non-current and current non-subordinated financial liabilities on the one hand and receivables from finance lease contracts, liquid funds and securities that can be sold at any time on the other hand. The decline is also attributable to the cash inflow from the HPE transaction. Opposing effects are due to the outflow of earn-out payments caused by the acquisition of Excelsis, dividend payments, and investments in intangible assets, property, plant and equipment.

Provisions increased from TEUR 16,061 on September 30, 2015 to TEUR 46,351 at the balance sheet date. This increase is mainly based on the takeover of provisions for pension liabilities and other personnel obligations in the total amount of TEUR 30,788 due to the HPE transaction. The balance sheet item mainly includes provisions for pension liabilities (TEUR 41,829 after TEUR 12,822 on September 30, 2015), for other personnel expenses (TEUR 1,595) and from unfavourable contractual relationships (TEUR 336). The provision arising from unfavourable contracts relates to excessive lease agreements. The provisions trend is also driven by major interest effects: The discount rate applied to pension provisions declined from 2.4 % on September 30, 2015 to 1.2 % and 1.4 % on September 30, 2016.

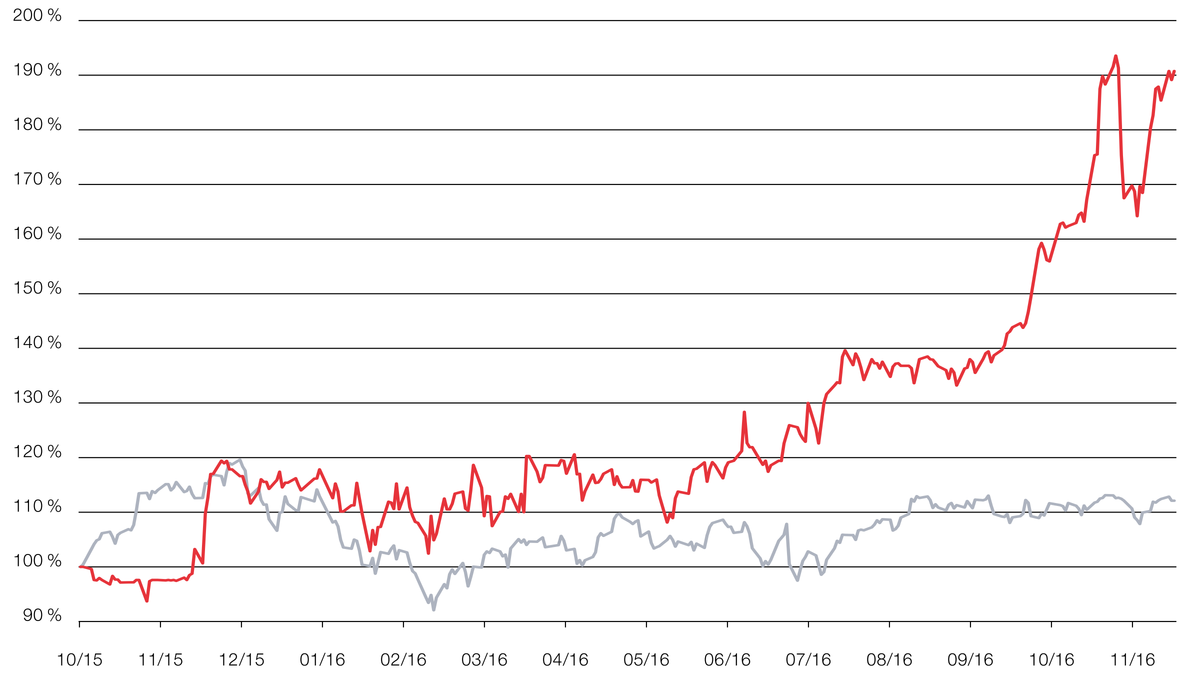
LIQUIDITY DEVELOPMENT

The solid financial situation of the DATAGROUP Group is primarily due to a clearly positive cash flow of TEUR 9,518. Despite the negative special effect caused by the tax audit described under “3.1 Results of operations”, which resulted in a cash outflow of TEUR 6,000, the cash flow accounts for 5.2 % of the overall performance. In the previous year, cash flow stood at TEUR 9,431 (6.0 % of the overall performance). The debt repayment period defined as the ratio between net debt and cash flow decreased from 3.0 years on September 30, 2015 to 2.7 years at the balance sheet date.

OVERALL STATEMENT

The earnings position of the DATAGROUP Group is on solid footing. EBITDA amounted to TEUR 19,103 in FY 2015 / 2016, net profit stood at TEUR 5,715. Revenues totalled TEUR 174,918. Particularly the focus on the business with high-margin outsourcing and Cloud services with the CORBOX product line presents significant new opportunities.

Cash flow from operating activities continues to be at high levels. Net debt was reduced to TEUR 24,724. The equity ratio declined to 17.8 % on the back of the takeover. Liquid funds amount to TEUR 24,424. The determined key figures from the balance sheet show a consistent good asset position.



Price performance of the DATAGROUP shares and the DAX from 01.10.2015 to 16.11.2016 ■ DATAGROUP SE share ■ DAX

4. Stock

THE GERMAN STOCK MARKET

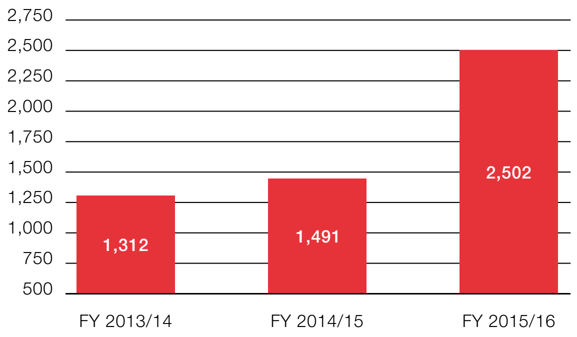
The German stock market developed positively during FY 2015 / 2016. The most important indices grew in the double-digit to some extent. The DAX index started with 9,757 on October 1, 2015, and initially recorded strong growth in the first two months (all figures: XETRA). On November 30, it closed at 11,382, up some 17 %, but all gains were lost again in the subsequent months. Particularly banks experienced massive losses in value, but concerns about a significant downturn in global economic activity placed other export-oriented stocks under substantial pressure as well. On February 11, 2016, the DAX reached its year-low of 8,753 points, but recovered quickly afterwards. While the BREXIT decision on June 23, 2016 again led to a significant short-term setback at the international stock markets, losses were recovered by mid-August. On September 30, 2016, the DAX finished at a closing price of 10,511, some 8 % above the opening price at the beginning of the fiscal year.

The technology index TecDAX developed similarly, but failed to match the good performance of the DAX index towards year-end and finished with an increase of merely 2.4 %. The SDAX companies saw a better trend. Their index was characterised by fewer setbacks resulting in an outperformance of DAX and TexDAX indices over the full year. Consequently, the SDAX finished with a stronger increase of 11 %.

DEVELOPMENT OF THE DATAGROUP SHARES

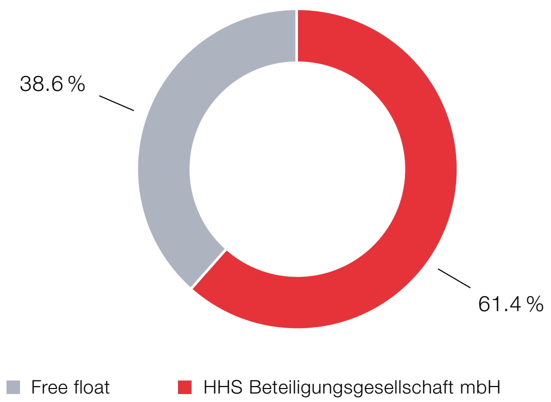
The DATAGROUP shares showed a performance that was far above average and developed much better than the German indices. They started at EUR 12.25 on October 1, 2015 and closed at a price of EUR 19.20 on September 30, 2016. This is an increase of 57 % over the course of the year. On September 27, 2016, they reached their peak at a price of EUR 20,25, exceeding the threshold of EUR 20 per share for the first time. After a slow start to the fiscal year, the share price increased significantly in mid-November for the first time, and mainly moved sideways until early May. The publication of very positive half-year figures triggered a strong upward movement, which continued until the end of the fiscal year and beyond. On November 16, 2016, when the preliminary figures for FY 2015 / 2016 were published, the DATAGROUP shares finished at a price of EUR 23.50.

The trading volume in DATAGROUP shares developed very positively as well and rose substantially over the prior year. The DATAGROUP share's average monthly trading volume at the German stock exchanges grew strongly by 60 % and reached a new peak of EUR 2.5 m. In the previous year, the average monthly trading volume still stood at EUR 1.5 m.



Average trading volume of the DATAGROUP share per month (in TEUR)

The shareholder structure consists of two major investor groups: HHS Beteiligungsgesellschaft mbH, which is essentially held by company founder Max H.-H. Schaber, is the main shareholder with 61.4 % of the shares. The remaining 38.6 % are held by institutional investors, members of the management board and he supervisory board, family offices, asset managers, DATAGROUP employees, and private shareholders.



DATAGROUP SE shareholder structure (as of September 30, 2016)

INVESTOR RELATIONS

Contact to investors and stakeholders is very important for DATAGROUP. Investor Relations is seen as a management task and therefore is directly assigned to the CEO in organisational terms. DATAGROUP places great emphasis on availability, dialogue and openness. Over and above the legal obligations of the Entry Standard regulations DATAGROUP therefore also voluntarily publishes quarterly reports as well as all other information relevant for the capital market in German and English. Thanks to two reports in the course of the first quarter (01.10. – 31.12.) and the third quarter (01.04. – 30.06.) the business development during the period was presented in a transparent and comprehensible manner for investors.

Furthermore, DATAGROUP has significantly intensified investor relations and public relations work in the fiscal year. In addition to maintaining contact with existing investors, the company has focused on internationalising investor relations by taking part in conferences, roadshows and one-to-one meetings. In FY 2015/2016, DATAGROUP presented itself at the Frankfurt-based "Deutsches Eigenkapitalforum" (German Equity Forum), the Baader Investment Conference in Munich, the European Small Mic Cap Forum in London, the Stuttgart-based Small Cap Conference, at roadshows in Zurich, Geneva, London, Dublin, Helsinki and Copenhagen as well as at investor conferences in several German cities.

The stock has been covered by three analyst houses in the period under review. The present analysts of Warburg Research and Landesbank Baden-Württemberg both have substantially increased their price targets. Furthermore, Baader Helvea Equity Research initiated coverage of the stock with a buy rating in August 2016. Numerous publications referred to the research notes which thus served as multiple of the buy recommendations in the interested public. Additionally, the development of DATAGROUP in FY 2015/2016 was very well perceived by the media. Numerous publications in financial, economic, daily and expert media referred to DATAGROUP's services, solutions and business performance.

Dr. Tobias Hüttner, Chief Information Officer DATAGROUP SE

5. Risks and opportunities

RISK MANAGEMENT

DATAGROUP's risk policy is geared to an early identification of major corporate risks or those jeopardising the continued existence. Management board and supervisory board are regularly and promptly informed about any identifiable risk. DATAGROUP responds very quickly to identifiable risks, e.g. by adjusting cost structures and sales efforts. Risks and opportunities are analysed on an ongoing basis both in the operating entities and centrally in the parent company, with all group companies operating in accordance with a uniform group-wide process.

It is the task of risk management to systematically assess risks with the help of a uniform risk catalogue, the regular risk communication through risk reports and finally, the central risk management and risk control. Risk management includes monitoring and control measures to be able to implement measures for the prevention and handling of risks in a timely manner. Based on standardised early warning systems, the operating entities compile quarterly risk reports according to uniform risk catalogues. Risks are identified with the help of the risk catalogue and assessed according to their extent and probability of occurrence. The consolidation of the risk reports, the assessment of risks and the development of measures are centrally managed by the parent company. The early warning systems include sales planning, liquidity planning, the short-term income statement and a qualitative management summary on service performance. An explicit risk management and a separate risk assessment take account of the specific risk arising from the acquisition of companies.

As for accounting risks, the risk management system builds on the internal control system. This system considers all accounting-related risks within the scope of the risk management. The internal control system and clear intercompany rules ensure the conformity of the consolidated financial statements.

Alongside the risk factors mentioned in the "Risk" section, risks that are not yet known or risks that are currently assessed as being less significant could have an adverse effect on business activities.

OPPORTUNITIES MANAGEMENT

The dynamic market environment of the information technology with its new trends and constant technological innovations regularly offers new opportunities. It is the task of Opportunities Management to seize these opportunities and eventually take advantage of them, and it serves as the foundation for DATAGROUP's sustainable success and growth. Opportunities and risks are closely inter-linked and therefore are also looked at in a holistic, integrated approach as part of the opportunities and risk management. Opportunities and risks are adequately accounted for both in the evaluation of market opportunities and in corporate planning.

Helge Viehof, Managing Director
DATAGROUP Consulting Services GmbH

Opportunities management focuses on market and competitive analyses and the further development of the product portfolios. Opportunities management aims to analyse internal and external potential which may positively drive the business development in a sustainable manner.

RISKS

Economic activity is associated with risks and opportunities. The risks described below are subject to the early risk detection system and are regularly monitored and controlled by means of analyses.

The major financial risks include liquidity, credit and interest rate risks. DATAGROUP hedges its solvency and financial flexibility through liquidity reserves in the form of cash and credit lines. A regular liquidity planning ensures that sufficient financial funds are available. All subsidiaries are part of a central liquidity planning securing the Group's solvency.

The Group's default risks associated with receivables are manageable since a major part of revenues is generated with public authorities as well as solid corporations and financial institutions. Additionally, the default risk is secured by credit assessment programmes. All customers go through the credit assessment programme – as a result of which the bad debt losses are at low levels. Bad debt losses amounted to TEUR 65 in the fiscal year.

The development of the interest rate level can have an impact on the financing costs in the DATAGROUP Group. To hedge the existing interest level DATAGROUP generally raises fixed-interest loans. For instance, the company placed promissory note loans in April 2016 with an overall volume of TEUR 30,000, which have a term of up to seven years and fixed interest rates for the most part. An increase in the interest level by 100 basis points would have deteriorated the pre-tax profit of the DATAGROUP Group by TEUR 30. There are currently no hedges, i.e. interest rate swaps, to secure the interest rate risk.

If DATAGROUP SE or its subsidiaries would enter non-euro markets or be dependent on manufacturers producing on these markets, there were exchange rate risks. However, Germany is the most important sales and procurement market of the DATAGROUP companies, so risks associated with currency fluctuations are absolutely insignificant for DATAGROUP. The DATAGROUP Group does not enter into hedging transactions because of this minor significance for net assets, financial position and results of operations.

There is a high competitive pressure on the market for information technology. Competition is likely to further intensify in the next years. These are ideal conditions for DATAGROUP's acquisition strategy to take over further interesting IT service providers. Industry association BITKOM projects the information technology market to grow by 1.7 % in 2016, with Cloud computing being one of the most important technologies and market trends and showing a continued strong growth. It is precisely here that DATAGROUP is very well positioned thanks to its data centres in Frankfurt, Nuremberg and Bremen, which are certified according to the highest safety standards. Other important factors are innovative new product solutions such as CORBOX – the modular complete solution for carefree IT operations – and IT-Flatrate, the Cloud product which DATAGROUP has strategically developed and positioned. For this reason, DATAGROUP sees opportunities for growth and a positive business development.

The business operations of the DATAGROUP companies are associated with sales and procurement risks, as well as human resources risks.

In the past, DATAGROUP successfully concluded transactions with major customers. A risk arises from the dependence on major customers and their business development. This risk is controlled by a special key account management which allows early identification of negative trends in the customer relationship and taking countermeasures. Furthermore, a target-oriented marketing strategy and the launch of innovative new products and services aims to broaden the customer base. Given that no more than six percent of the gross profit of the DATAGROUP Group is generated with the largest DATAGROUP customers the key account cluster risk is considered as minimal.

Because of the continuous competitive pressure in the IT market DATAGROUP may be squeezed out of the market by competitors, which would then lead to sales losses. If DATAGROUP would not – or not sufficiently – be able to meet its delivery and service obligations in the future, there may be the risk of having to pay for damages from liability and warranty. Qualified employees and the management of DATAGROUP as well as professional corporate processes are the basis for providing high-quality services. A regular review of the performance quality and the proper order processing is guaranteed by an internal project controlling. A strengthening of customer relationships and customer satisfaction, successful sales efforts and high quality requirements to the company's own service portfolio are to secure DATAGROUP's position in the market. Overall, the risk arising from the competitive situation on the IT market is considered as negligible.

As an IT service provider offering IT products, DATAGROUP cooperates with suppliers of technical components and other service providers. Delivery risks generally cannot be excluded. Delivery bottlenecks, price increases and changes in a supplier's product strategy may adversely affect DATAGROUP's success. Delivery risks are hedged by a professional procurement management and a contractual protection of the delivery and service chain. There may be negative impacts on the subsidiaries' profitability if the advantageous procurement conditions associated with the membership in the Computer Compass purchasing organisation would cease to exist. There is currently no evidence suggesting that this is the case, so the risk – particularly in view of an increasing proportion of services in the DATAGROUP Group – can be regarded as low.

Human resources risks may result from the potential fluctuation of employees and managers in key positions. The undesired resignation of members of the management board as well as managers and employees can have an adverse effect on DATAGROUP unless measures are taken to attract qualified and suitable candidates in due course and at fair market conditions. For this reason, the employees' motivation, retention and development are important targets of employee management and personnel policy within the DATAGROUP Group. The risk of a material adverse impact on business development caused by the loss of top performers is currently regarded as low thanks to high staff retention and low personnel fluctuation in the past years.

Business activities are supported using modern information technologies. Information technologies serve as an instrument for operational processes and are of particular importance for DATAGROUP as a provider of IT services and solutions. In a worst-case scenario, the vulnerability or failure of the information technologies used by DATAGROUP and its customers may bring operational procedures to a standstill. Organisation of operations and the use of suitable architectures ensure the highest possible degree of availability. DATAGROUP operates a holistic IT service management system which in its core includes a state-of-the-art information security management. All central IT systems are operated by DATAGROUP Bremen GmbH in the Frankfurt-based data centre. The data centre activities were consolidated in an independent company, DATAGROUP Data Center GmbH, at the end of 2015, so the focus on these activities has been intensified and further synergies have been realised. The data centres in Frankfurt, Bremen and Nuremberg, as well as all DATAGROUP locations are audited on an annual basis according to ISO 27001, the internationally recognised standard. Additionally, selected customer installations are audited according to the national standard ISO 27001 on the basis of "IT Grundschutz (BSI)". The management system for the comprehensive business process "IT Service Management" is reviewed once a year according to the international standard ISO 20000. It was first certified in 2012, followed by a successful re-certification in 2015. The "IT Service Management" process is also subject to annual surveillance audits.

DATAGROUP SE intends to acquire further companies in the future. The purchase of a company is often a capital-intensive investment fraught with risk. Sustainable value-add is only possible when the company is successfully integrated and synergies are realised. If the expectations in the acquired company will be met only partially, integration costs were underestimated or synergy effects over-priced, this may adversely impact DATAGROUP's development. Companies qualifying for an acquisition are intensively examined regarding their orientation and structure as well as their integration possibilities. Company transactions will only be conducted, if the company fits within the strategy and organisation of the DATAGROUP Group.

The companies of the DATAGROUP Group have to deal with judicial and extrajudicial third-party claims within the scope of business operations. At present, there are no current or foreseeable legal or arbitration proceedings that may have a material effect on the economic position of the Group.

OVERALL ASSESSMENT OF THE RISK SITUATION

There were no risks to the continued existence of DATAGROUP in FY 2015 / 2016. From the current standpoint, there is also no indication of future risks that could jeopardise the continued existence of the company or have a sustainable negative impact on net assets, financial position and results of operations.

ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

With a view to accounting processes, the internal control and risk management system aims to minimise risks as well as to identify and assess risks that may jeopardise the compliance of the consolidated financial statements with regulations. The accounting-related internal control system (ICS) comprises principles, procedures and measures to ensure correctness of the financial reporting. The ICS is under constant review and development.

Christian Sauter, Management Board Member
DATAGROUP Mobile Solutions AG

Ursula Cerny, Transformation & Integration
DATAGROUP SE

The accounting-related ICS aims to ensure the proper preparation of the consolidated financial statements and individual financial statements of the group companies. The internal control system consists of guidelines and work instructions and stipulates both the separation of functions and defined system-engineering and manual reconciliation routines. The four eyes principle with its clear evaluation and approval processes penetrates the entire accounting process. Furthermore, risk management and control is facilitated by a clear assignment of responsibilities and adequate access rules based on a uniform group-wide authorisation concept in the information and accounting systems used for financial statements.

The companies of the DATAGROUP Group prepare their local financial statements on a decentralised basis. The group companies take on responsibility for compliance with local accounting regulations but also for adherence to the accounting guidelines that are valid throughout the Group when reporting the data to Group accounting. Work instructions ensure the proper reconciliation of the local financial statements (commercial balance sheet I) to the financial statements drawn up in accordance with the uniform group-wide accounting and measurement principles (commercial balance sheet II). Clear guidelines restrict the employees' discretionary power with regard to the recognition, measurement and reporting of assets and liabilities, which reduces the risk of inconsistent accounting principles within the Group.

Group accounting is responsible for the examination of the Group reporting packages prepared on a decentralised basis for plausibility and correctness. The preparation process of the consolidated financial statements is centrally coordinated. Special accounting issues or

complex matters, which either refer to particular risks or require special expertise, are centrally monitored and handled. External experts such as specialised assessors are consulted particularly with regard to the purchase price allocation of company mergers or the valuation of pension provisions.

The use of a uniform group-wide accounts structure for data reporting and the central maintenance of the accounting framework ensures a uniform accounting of similar business transactions. Consolidation measures and reconciliations are carried out on a centralised basis. The controls required in the consolidation processes such as consolidation of debts, cost and income are carried out manually for the most part and are guaranteed from an organisational point of view. The auditor evaluates the effectiveness of the internal control system as part of their audit activities.

OPPORTUNITIES

The continued and consistent implementation of the growth strategy in the form of organic growth and acquisitions offers the opportunity to keep increasing sales and profitability.

6. Events after the reporting period

With the registration in the Commercial Register on November 16, 2016, the conversion of DATAGROUP AG to a European Company (Societas Europaea, short: SE) became effective. Some ten years after the IPO, DATAGROUP AG thus became DATAGROUP SE. The management sees the conversion as a logical consequence of DATAGROUP's steep growth path, as requirements for an international appearance, which a customer expects from his IT services provider, are increasing along with the customer's size. Consequently, the SE, as the leading European legal form, strengthens DATAGROUP's competitive position and is a perfect fit for the further growth target stipulated in the future strategy DATAGROUP 2020. The Annual General Meeting unanimously agreed to the merger plan presented by the management board in March 2016.

DATAGROUP will continue to focus its operating business on the German market. Furthermore, DATAGROUP will attend to its customers' international activities from Germany in the context of a follow the customer strategy as before.

Management board and supervisory board of DATAGROUP SE will remain separated in terms of personnel. DATAGROUP SE thus continues the proven two-tier system in its leadership structure. Likewise, Pliezhausen near Stuttgart will remain the registered office.

The management believes that the conversion will lead to a higher attractiveness of the DATAGROUP shares for international investors. The legal form of a SE is to contribute to an even stronger attention to the company's growth story on the part of international investors.

7. Outlook

DATAGROUP's general market environment develops positively. In its autumn outlook 2016, industry association BITKOM expects the IT service market to grow by 2.7 % to EUR 38.2 bn. This would again be a much stronger increase than in the previous years. The growing demand for IT services is predominantly driven by the economy's digital transformation and the unbroken trend towards Cloud computing. Based on a survey of market research company Lünendonk conducted among IT sourcing consultants and CIOs in Germany in October 2016, the German companies intend to significantly expand the share of their outsourced IT services in the next two years. Accordingly, the IT decision-makers plan to already source 36 % of their IT services from external service providers in the next two years. The present share merely is some 30 %. Particularly the upper Mittelstand companies – DATAGROUP's core target group – offer strong growth potential according to the survey.

Dieter Braun, Managing Director
DATAGROUP Ludwigsburg GmbH

DATAGROUP is very well positioned with its full-outsourcing offer CORBOX and its consulting and solutions specialists to strongly benefit from the growth trends and again grow disproportionately and very profitably. DATAGROUP combines a highly-standardised service production, which is standardised according to ISO 20000, with the personal proximity and reliability of a large Mittelstand company. This combination is appreciated particularly by the customers of the upper Mittelstand companies and results in a high competitiveness. The management therefore expects the very positive order trend to further improve. DATAGROUP continues to accelerate the shift of business towards long-term contract-based service and maintenance revenues.

Furthermore, growth will be strongly driven by the 306 IT specialists that were taken over from Hewlett-Packard GmbH in Germany on September 1, 2016. This step has been accompanied by a multi-year contractual commitment from HPE to purchase DATAGROUP's services, which will result in a sales volume of some EUR 33 m in FY 2016 / 2017 alone and has an overall volume of some EUR 189 m over the maximal term of 7 years. Additionally, the new employees have sustainably strengthened DATAGROUP's technological expertise, innovative capacity and competitiveness. Among the employees taken over there are more than 100 specialists for SAP HANA, a technology platform that is of vital importance for the digital transformation of companies. As a result, DATAGROUP now employs one of the largest SAP HANA teams in the German provider landscape. DATAGROUP therefore was awarded "Rising Star" of the German SAP HANA provider landscape by Experton's and West Trax's market analysts in October 2016.

In FY 2015 / 2016, DATAGROUP will continue to focus on further expanding organic and inorganic high-margin services in the Cloud computing and outsourcing sectors. The aim is to further improve the revenue quality on a sustainable basis. This focus involves the deliberate decision to dispense with low-margin service and trading revenues. The management expects revenue to grow over EUR 200m and EBITDA to over 20m.

8. Internal corporate management system

The key instrument for the entire Group's corporate management is a so-called "rolling forecast" system for sales planning and monitoring of revenues and contribution margins. In connection with a monthly income statement, this system allows to precisely determine current revenues at all time. Current costs and ongoing investments are adjusted on the basis of these monthly data to meet the planned corporate results. Furthermore, consolidated accounts are prepared in a simplified form every month.

Liquidity planning, which is prepared on a weekly basis for the entire Group, serves to provide an overview of the liquidity level determined within the DATAGROUP Group and the individual group companies, as well as the control of the expected liquidity development. Weekly liquidity planning is based on a planning horizon until September 30 of the current fiscal year, but at least until the following month. Medium-term planning of financial resources exceeding this horizon is prepared as needs arise.

9. Other information

EMPLOYEES

In FY 2015/2016, DATAGROUP employed 1,404 (previous year: 1,267) people on average, while the figure stood at 1,630 (previous year 1,330) on September 30, 2016. Including management and apprentices, the headcount totalled 1,710 on September 30, 2016.

DATAGROUP traditionally is very committed to recruit and support junior employees. On September 30, 2016, the company employed a total of 55 apprentices (53 on September 30, 2015), particularly in the apprenticeship occupations of qualified IT specialist for system integration and application development, as well as management assistant in IT systems.

RESEARCH AND DEVELOPMENT ACTIVITIES

Experience and specific expertise gained in customer projects and through active observation of IT markets are used in a value-added way for the development of internal customised innovations. DATAGROUP reacts sensitively to new requirements from customers and market. This conduct results in own product solutions, particularly in the Solutions and Consulting segment, such as the DATAGROUP BAföG process (process to assist authorities in offering student loans).

CHANGES TO THE GROUP STRUCTURE

In FY 2015/2016, the following changes were made to the scope of consolidation:

- Change of legal form from DATAGROUP AG to DATAGROUP SE.
- Acquisition of part of the business operations from Hewlett-Packard GmbH by the newly founded DATAGROUP Enterprise Services GmbH.
- Merger of DATAGROUP Invest GmbH into DATAGROUP SE and – subsequently – merger of DATAGROUP Vega GmbH into DATAGROUP BGS GmbH. The merger of the two latter entities resulted in DATAGROUP Consulting Services GmbH.
- Merger of Excelsis Informationssysteme GmbH into Excelsis Business Technology AG. Excelsis Business Technology AG changed its name to DATAGROUP Mobile Solutions AG within the scope of this merger.

Change of legal form from DATAGROUP AG to DATAGROUP SE

In a contract dated November 10, 2015, all shares of Vienna-based Corallo AG were acquired with the intention to merge the company into DATAGROUP AG as the incorporating legal entity, thus enabling DATAGROUP AG to change its legal form into a SE (Societas Europaea). On March 17, 2016, the Annual General Meeting of DATAGROUP AG approved the presented merger plan dated January 28, 2016, between DATAGROUP AG and Corallo AG. The effective date of the merger is December 31, 2015. The agreement on the participation of employees that has to be concluded in connection with the change of legal form according to Section 21 SEBG was signed on August 17, 2016.

Acquisition of part of the business operations from Hewlett-Packard GmbH by the newly founded DATAGROUP Enterprise Services GmbH

In a resolution certified by notary dated May 30, 2016, DATAGROUP SE founded DATAGROUP Enterprise Services GmbH. Pursuant to a further resolution dated July 15, 2016 a capital increase was effected. The company now has a share capital of EUR 1,000,000.00.

DATAGROUP Enterprise Services GmbH acquired part of the business operations from Hewlett-Packard GmbH (short: HPE). The transaction is based on a master services agreement with HPE and stipulates the takeover of a total of 306 IT specialists within the scope of a transfer of undertakings according to Section 613a BGB (German Civil Code). At the same time, DATAGROUP Enterprise Services GmbH has secured a major order from HPE and will provide IT services in the area of SAP and application management services for HPE's existing customers. The contract has a term of 64 months and can be extended by another 20 months thereafter.

DATAGROUP Enterprise Services GmbH has taken over the acquired employees' pension schemes and working time accounts, the plan assets associated with these provisions as well as other personnel obligations accrued until the transfer date, which to some extent shall be compensated for by the vendor.

As a compensation for the assumption of the pension obligations, the company receives the difference between the pension provision amounts, as determined according to the international accounting standards and the parameters agreed upon in the contract, and the related contractual trust arrangements (CTA).

Merger of DATAGROUP Vega GmbH into DATAGROUP BGS GmbH and change of company name to DATAGROUP Consulting Services GmbH

In a contract dated May 30, 2016, DATAGROUP Vega GmbH was merged into the incorporating legal entity DATAGROUP BGS GmbH with effect from October 2, 2015. The employment relationships of all employees of DATAGROUP Vega GmbH at that time were passed to DATAGROUP BGS GmbH with all rights and obligations in accordance to Section 613a BGB.

Furthermore, DATAGROUP BGS GmbH changed its name to DATAGROUP Consulting Services GmbH at the partners' meeting on May 30, 2016.

It was a precondition for the merger of DATAGROUP Vega GmbH into DATAGROUP BGS GmbH that the parent company, DATAGROUP SE, directly holds the shares in both companies. Prior to the merger, however, DATAGROUP Vega GmbH was held only indirectly by DATAGROUP SE via DATAGROUP Invest GmbH. For this reason, DATAGROUP SE as incorporating entity and DATAGROUP Invest GmbH as transferring entity signed a merger contract dated April 25, 2016. The effective date of the merger is October 1, 2015.

Mischel Sollner, Director
DATAGROUP Enterprise Services GmbH

Merger of Excelsis Informationssysteme GmbH into Excelsis Business Technology AG and change of company name to DATAGROUP Mobile Solutions AG
Based on the contract dated February 25, 2016, the merger between Excelsis Informationssysteme GmbH as transferring entity and Excelsis Business Technology AG as incorporating entity was implemented. The effective date of the merger is October 1, 2015. The employment relationships of all employees of Excelsis Informationssysteme GmbH at that time were passed to Excelsis Business Technology AG in accordance to Section 613a BGB.

Additionally, Excelsis Business Technology AG changed its name to DATAGROUP Mobile Solutions AG.

DEPENDENCY REPORT

The management board compiled a report about relationships to affiliated companies in accordance with Section 312 of the German Companies Act (AktG) for FY 2015 / 2016, which contains the following conclusion:

“We declare that according to the circumstances known to us at the time the legal transaction was executed or the measure was implemented or omitted, our company received appropriate consideration for every legal transaction and has not been disadvantaged by the implementation or omission of any measure.”

Pliezhausen, January 17, 2017
DATAGROUP SE

Management Board

Hans-Hermann Schaber   Dirk Peters

Consolidated Financial Statements

CONTENTS

Consolidated income statement

Figures in EUR	Notes	01.10.2015 – 30.09.2016	01.10.2014 – 30.09.2015
Revenues	1	**174,918,139.04**	**157,574,027.64**
Other own work capitalised	–	486,946.14	347,574.10
Total revenues		**175,405,085.18**	**157,921,601.74**
Other operating income	2	8,416,219.61	4,580,813.96
Material expenses / expenses for purchased services	3	58,172,295.19	53,175,031.31
Personnel expenses	4	85,709,870.06	77,086,665.16
Goodwill amortisation	5	0.00	0.00
Depreciation of property, plant and equipment and other intangible assets	5	6,427,726.69	5,735,246.42
Other operating expenses	6	20,835,969.21	16,901,449.85
Operating income		**12,675,443.64**	**9,604,022.96**
Financial income		890,593.62	553,757.74
Financial expenses		3,475,032.97	2,378,151.72
Financial result	7	**–2,584,439.35**	**–1,824,393.98**
Earnings before taxes		**10,091,004.29**	**7,779,628.98**
Taxes on income and profit	8	4,375,535.63	2,856,597.11
Net income		**5,715,468.66**	**4,923,031.88**

Consolidated statement of comprehensive income

Figures in EUR	01.10.2015 – 30.09.2016	01.10.2014 – 30.09.2015
Net income	**5,715,468.66**	**4,923,031.88**
Other earnings before taxes[1]		
Actuarial gains or losses from pension provisions	651,023.64	–883,609.00
Income tax effecs on other income	**156,747.59**	**–261,301.77**
Comprehensive income	**6,209,744.71**	**4,300,724.65**

[1] These are exclusively items which are not reclassified to the consolidated income statement

Consolidated balance sheet

Figures in EUR	Notes	30.09.2016	30.09.2015
ASSETS			
Long-term assets			
Goodwill	1	38,523,419.65	38,523,419.65
Other intangible assets	2	9,796,635.28	11,445,269.01
Property, plant and equipment	3	7,304,107.42	7,316,127.83
Long-term financial assets	4	2,575,595.87	3,822,514.90
Claims from reinsurance coverage for pension obligations		5,350,256.50	5,354,911.90
Other long-term assets	5	23,939,880.77	134,889.32
Deferred taxes	6	4,688,287.15	1,464,480.04
		92,178,182.64	**68,061,612.65**
Short-term assets			
Inventories	7	1,393,196.96	1,532,497.41
Trade receivables	8	16,067,991.82	16,667,072.92
Short-term financial assets	4	2,985,407.07	5,477,056.77
Construction contracts	9	3,050,462.10	2,994,874.95
Other short-term assets	10	19,646,579.63	6,348,504.81
Cash and cash equivalents	11	24,424,218.26	2,264,789.71
		67,567,855.84	**35,284,796.57**
		159,746,038.48	**103,346,409.22**
LIABILITIES			
Equity	12		
Subscribed capital		7,590,000.00	7,590,000.00
Capital reserves		11,796,385.73	11,796,385.73
Repayment of capital		–98,507.73	–98,507.73
Retained earnings		12,555,844.21	8,733,490.30
Accumulated other comprehensive income		–3,476,538.18	–3,970,814.23
		28,367,184.03	**24,050,554.07**
Long-term liabilities			
Long-term financial liabilities	13	51,837,063.55	24,633,738.97
Pension provisions	14	41,828,897.33	12,822,342.00
Other provisions	14	802,667.11	775,192.84
Other long-term liabilities	16	18,941.91	0.00
Deferred taxes	6	2,879,833.45	782,107.01
		97,367,403.35	**39,013,380.81**
Short-term liabilities			
Short-term financial liabilities	13	3,537,825.30	14,583,861.69
Provisions	14	3,719,902.80	2,463,011.85
Trade payables	15	2,646,036.61	4,748,518.08
Surplus of liabilities from construction contracts	9	21,782.02	50,989.47
Income tax liabilities	–	1,077,475.40	3,062,851.29
Other liabilities	16	23,008,428.97	15,373,241.96
		34,011,451.10	**40,282,474.34**
		159,746,038.48	**103,346,409.22**

Consolidated cash flow statement

Figures in EUR	01.10.2015 – 30.09.2016	01.10.2014 – 30.09.2015
Cash flows from operating activities		
Net income for the period	5,715,468.66	4,923,031.88
thereof income tax refund EUR 133,729.90 (LFY EUR 238,477.08)		
thereof income tax payment EUR 10,264,300.06 (LFY EUR 1,760,744.38)		
Interest received	–70,451.22	–347,848.97
Interest paid	1,195,121.31	1,671,058.00
Depreciation and amortisation of current assets	0.00	5,545.44
Depreciation and amortisation of non-current assets	6,427,726.69	5,735,246.42
Changes in pension provisions	–50,179.67	–6,074.58
Cash flow	**13,217,685.77**	**11,980,958.18**
Gains (–) / losses (+) on disposals of non-current assets	–1,855.35	–58,760.18
Increase (–) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	–564,427.54	611,476.35
Increase (–) / decrease (+) of inventories, trade receivables and other assets	–5,104,538.66	–1,502,092.19
Increase (+) / decrease (–) of trade payables and other liabilities	5,673,591.07	–1,129,716.71
Income out of business transactions	–3,694,909.41	–786,778.69
Other non-cash transactions	–7,418.88	316,266.21
Cash flow from operating activities	**9,518,126.99**	**9,431,352.97**
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	79,416.72	118,327.42
Cash outflow for investment in property, plant and equipment	–1,828,635.94	–2,113,606.09
Cash inflow from intangible assets	234,752.98	2,132.49
Cash outflow for investments in intangible assets	–1,495,074.11	–1,559,507.51
Cash outflow for investments in financial assets	–4,195,375.53	–3,462,000.00
Cash inflow from repayment of financial assets	5,420,000.00	1,895,653.72
Cash outflow for investments in fully consolidated companies	–1,821,460.01	–4,523,497.11
Cash outflow from business transaction	–174,972.21	0.00
Interest received	70,451.22	347,848.97
Net cash used in investing activities	**–3,710,896.88**	**–9,294,648.11**

Figures in EUR	01.10.2015 – 30.09.2016	01.10.2014 – 30.09.2015
Cash flow from financing activities		
Cash outflow for dividend paid	–1,893,114.75	–1,514,491.80
Cash inflow (+) / outflow (–) for finance lease contracts as part of investments in own property, plant and equipment	1,141,312.73	696,116.04
Cash inflow (+) / outflow (–) for leasing contracts with customers	–2,258,444.69	–1,390,109.30
Cash outflow for the repayment of liabilities to banks	–9,250,000.00	–4,132,600.00
Cash inflow from receipt of liabilities to banks	30,000,000.00	500,000.00
Interest paid	–1,195,121.31	–1,671,058.00
Net cash used in financing activities	**16,544,631.99**	**–7,512,143.05**
Changes in cash and cash equivalents	**22,351,862.10**	**–7,375,438.19**
Cash and cash equivalents at the beginning of the period	2,072,356.16	9,447,794.35
Cash and cash equivalents at the end of the period	**24,424,218.26**	**2,072,356.16**

For further details, please refer to the notes on the consolidated financial statements, Section VI. Notes to the cash flow statement.

Consolidated statement of changes in equity

01.10.2015 to 30.09.2016

					Accumulated other comprehensive income			
Figures in EUR	Subscribed capital	Capital reserves	Repayment of capital	Retained earnings	Changes without effects on net income	Result from actuarial gains and losses	Sum	Total
Balance at the beginning of the fiscal year	**7,590,000.00**	**11,796,385.73**	**−98,507.73**	**8,733,490.30**	**−1,625,377.21**	**−2,345,437.02**	**−3,970,814.23**	**24,050,554.07**
Dividend distribution	0.00	0.00	0.00	−1,893,114.75	0.00	0.00	0.00	−1,893,114.75
Consolidated profit	0.00	0.00	0.00	5,715,468.66	0.00	0.00	0.00	5,715,468.66
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	494,276.05	494,276.05	494,276.05
Balance at the end of the fiscal year	**7,590,000.00**	**11,796,385.73**	**−98,507.73**	**12,555,844.21**	**−1,625,377.21**	**−1,851,160.97**	**−3,476,538.18**	**28,367,184.03**

01.10.2014 to 30.09.2015

					Accumulated other comprehensive income			
Figures in EUR	Subscribed capital	Capital reserves	Repayment of capital	Retained earnings	Changes without effects on net income	Result from actuarial gains and losses	Sum	Total
Balance at the beginning of the fiscal year	**7,590,000.00**	**11,796,385.73**	**−98,507.73**	**5,324,950.22**	**−1,625,377.21**	**−1,723,129.79**	**−3,348,507.00**	**21,264,321.22**
Dividend distribution	0.00	0.00	0.00	−1,514,491.80	0.00	0.00	0.00	−1,514,491.80
Consolidated profit for the year	0.00	0.00	0.00	4,923,031.88	0.00	0.00	0.00	4,923,031.88
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	−622,307.23	−622,307.23	−622,307.23
Balance at the end of the fiscal year	**7,590,000.00**	**11,796,385.73**	**−98,507.73**	**8,733,490.30**	**−1,625,377.21**	**−2,345,437.02**	**−3,970,814.23**	**24,050,554.07**

Development of fixed assets

The table below provides an overview of the performance of the intangible assets, property, plant and equipment and financial assets:

01.10.2015 to 30.09.2016

Figures in EUR	Acquisition and production costs					Accumulated depreciation and amortisation						
	As at 01.10.2015	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2016	As at 01.10.2015	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2016	As at 30.09.2016	As at 30.09.2015
Goodwill	**38,523,419.65**	**0.00**	**0.00**	**0.00**	**38,523,419.65**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**38,523,419.65**	**38,523,419.65**
Other intangible assets												
1. Brands	1,401,000.00	0.00	0.00	1,401,000.00	0.00	1,401,000.00	0.00	0.00	1,401,000.00	0.00	0.00	0.00
2. Order backlog	1,205,000.00	0.00	0.00	0.00	1,205,000.00	1,205,000.00	0.00	0.00	0.00	1,205,000.00	0.00	0.00
3. Customer bases	18,475,400.00	0.00	0.00	0.00	18,475,400.00	10,636,586.00	2,268,353.00	0.00	0.00	12,904,939.00	5,570,461.00	7,838,814.00
4. Internally developed intangible assets												
Software	1,952,227.44	586,147.94	0.00	33,500.00	2,504,875.38	753,213.58	288,619.86	0.00	33,499.00	1,008,334.44	1,496,540.94	1,199,013.86
5. Acquired intangible assets												
Software etc.	11,214,526.67	1,604,926.17	0.00	818,077.92	12,001,374.92	8,807,085.52	1,047,977.00	0.00	583,320.94	9,271,741.58	2,729,633.34	2,407,441.15
	34,248,154.11	**2,191,074.11**	**0.00**	**2,252,577.92**	**34,186,650.30**	**22,802,885.10**	**3,604,949.86**	**0.00**	**2,017,819.94**	**24,390,015.02**	**9,796,635.28**	**11,445,269.01**
Property, plant and equipment												
1. Technical equipment and machinery	60,196.27	0.00	0.00	0.00	60,196.27	36,468.27	5,362.00	0.00	0.00	41,830.27	18,366.00	23,728.00
2. Other equipment, furniture and office equipment	22,545,171.43	2,888,312.79	0.00	2,417,282.79	23,016,201.43	15,252,771.60	2,817,414.83	0.00	2,339,726.42	15,730,460.01	7,285,741.42	7,292,399.83
	22,605,367.70	**2,888,312.79**	**0.00**	**2,417,282.79**	**23,076,397.70**	**15,289,239.87**	**2,822,776.83**	**0.00**	**2,339,726.42**	**15,772,290.28**	**7,304,107.42**	**7,316,127.83**
Long-term financial assets												
1. Investments	338,546.88	185,375.53	0.00	0.00	523,922.41	0.00	0.00	0.00	0.00	0.00	523,922.41	338,546.88
2. Receivables from lessees	3,474,618.01	611,781.49	0.00	2,044,076.04	2,042,323.46	0.00	0.00	0.00	0.00	0.00	2,042,323.46	3,474,618.01
3. Other loans	9,383.88	0.00	0.00	0.00	9,383.88	33.88	0.00	0.00	0.00	33.88	9,350.00	9,350.00
	3,822,548.77	**797,157.02**	**0.00**	**2,044,076.04**	**2,575,629.75**	**33.88**	**0.00**	**0.00**	**0.00**	**33.88**	**2,575,595.87**	**3,822,514.89**
	99,199,490.23	**5,876,543.92**	**0.00**	**6,713,936.75**	**98,362,097.39**	**38,092,158.85**	**6,427,726.69**	**0.00**	**4,357,546.36**	**40,162,339.18**	**58,199,758.21**	**61,107,331.38**

01.10.2014 to 30.09.2015

Figures in EUR	Acquisition and production costs					Accumulated depreciation and amortisation						
	As at 01.10.2014	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2015	As at 01.10.2014	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2015	As at 30.09.2015	As at 30.09.2014
Goodwill	**34,793,344.21**	**0.00**	**3,730,075.44**	**0.00**	**38,523,419.65**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**38,523,419.65**	**34,793,344.21**
Other intangible assets												
1. Brands	1,401,000.00	0.00	0.00	0.00	1,401,000.00	1,401,000.00	0.00	0.00	0.00	1,401,000.00	0.00	0.00
2. Order backlog	1,198,000.00	0.00	7,000.00	0.00	1,205,000.00	1,198,000.00	7,000.00	0.00	0.00	1,205,000.00	0.00	0.00
3. Customer bases	17,466,400.00	0.00	1,009,000.00	0.00	18,475,400.00	8,183,605.00	2,452,981.00	0.00	0.00	10,636,586.00	7,838,814.00	9,282,795.00
4. Internally developed intangible assets												
Software	1,441,678.33	510,549.11	0.00	0.00	1,952,227.44	515,203.33	238,010.25	0.00	0.00	753,213.58	1,199,013.86	926,475.00
5. Acquired intangible assets												
Software etc.	9,121,006.81	1,084,402.84	1,064,893.00	55,775.98	11,214,526.67	7,637,427.01	959,648.26	263,648.74	53,638.49	8,807,085.52	2,407,441.15	1,483,579.80
	30,628,085.14	**1,594,951.95**	**2,080,893.00**	**55,775.98**	**34,248,154.11**	**18,935,235.34**	**3,657,639.51**	**263,648.74**	**53,638.49**	**22,802,885.10**	**11,445,269.01**	**11,692,849.80**
Property, plant and equipment												
1. Technical equipment and machinery	60,196.27	0.00	0.00	0.00	60,196.27	31,106.27	5,362.00	0.00	0.00	36,468.27	23,728.00	29,090.00
2. Other equipment, furniture and office equipment	16,897,449.66	5,311,484.67	727,067.67	390,830.57	22,545,171.43	13,008,219.10	2,072,244.91	503,575.92	331,268.33	15,252,771.60	7,292,399.83	3,889,230.56
	16,957,645.93	**5,311,484.67**	**727,067.67**	**390,830.57**	**22,605,367.70**	**13,039,325.37**	**2,077,606.91**	**503,575.92**	**331,268.33**	**15,289,239.87**	**7,316,127.83**	**3,918,320.56**
Long-term financial assets												
1. Investments	146,546.88	192,000.00	0.00	0.00	338,546.88	0.00	0.00	0.00	0.00	0.00	338,546.88	146,546.88
2. Receivables from lessees	2,565,163.41	5,125,825.09	0.00	4,216,370.49	3,474,618.01	0.00	0.00	0.00	0.00	0.00	3,474,618.01	2,565,163.41
3. Other loans	2,533.88	0.00	6,850.00	0.00	9,383.88	33.88	0.00	0.00	0.00	33.88	9,350.00	2,500.00
	2,714,244.17	**5,317,825.09**	**6,850.00**	**4,216,370.49**	**3,822,548.77**	**33.88**	**0.00**	**0.00**	**0.00**	**33.88**	**3,822,514.89**	**2,714,210.29**
	85,093,319.45	**12,224,261.71**	**6,544,886.11**	**4,662,977.04**	**99,199,490.23**	**31,974,594.59**	**5,735,246.42**	**767,224.66**	**384,906.82**	**38,092,158.85**	**61,107,331.38**	**53,118,724.86**

Notes to the Consolidated Financial Statements

CONTENTS

I. Basic principles of the consolidated financial statements

1. General information

DATAGROUP SE (previously DATAGROUP AG) is the holding company of the DATAGROUP Group. The company is located in Wilhelm-Schickard-Straße 7, 72124 Pliezhausen, Germany and entered in the Commercial Register of Stuttgart under HRB 758721 (previously HRB 354615).

DATAGROUP Group's business activities include the operation of IT infrastructures, distribution and provision of IT services, technology consulting and the development of IT solutions. The group companies are subdivided into two segments:

- The "Services" segment comprises all subsidiaries primarily providing IT services. In particular, these IT services include the provision of IT workplaces (selection and procurement, on-site implementation, exchange and disposal of old equipment), services of our certified DATAGROUP data centres as well as service desk services – the helping hand for all IT-related problems and questions of the users.

- The "Solutions and Consulting" segment comprises the group companies, where the range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

2. Accounting under International Financial Reporting Standards (IFRS)

The consolidated financial statements of DATAGROUP SE for the fiscal year ending September 30, 2016 was prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU). The IFRS are applied voluntarily. The management board submitted the consolidated financial statements to the supervisory board for approval.

Additionally, the accounting principles set out in Section 315a para. 1 HGB ("Handelsgesetzbuch", German Commercial Code) have been considered for the preparation of the consolidated financial statement. All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations of the International Financial Interpretations Committee (IFRIC), whose application was obligatory on the reporting date, were taken into account.

The consolidated financial statements of DATAGROUP SE were prepared in euro (EUR) using uniform recognition and measurement policies. Amounts were rounded up to thousand euros (TEUR) or million euros (EUR m) for better readability. The presentation of the consolidated income statement is based on the total cost accounting. The information required for explanation of the balance sheet and the income statement have been stated in the note.

NEW ACCOUNTING STANDARDS

All valid International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee, whose application was obligatory on the reporting date, were taken into account provided they were of relevance to the DATAGROUP Group.

The following standards, amendments of standards and interpretations, provided they may fundamentally be of relevance to the DATAGROUP Group, were applied for the first time in FY 2015 / 2016:

New or amended standards		Contents	First-time application for fiscal years beginning on or after the reporting date …	EU-endorsed	Major impact on the Group
IAS 19	Amendment	Changes in the recognition of contributions for employees or third parties to defined benefit plans independent of the number of years of service.	February 1, 2015	yes	none
IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38	Amendment	2010 – 2012 Annual Improvement Project: Clarifications and / or smaller changes	February 1, 2015	yes	none
IFRS 1, IFRS 3, IFRS 13, IAS 40	Amendment	2011 – 2013 Annual Improvement Project: Clarifications and / or smaller changes	January 1, 2015	yes	none

Michael Heide, Managing Director
DATAGROUP Hamburg GmbH

ISSUED ACCOUNTING STANDARDS THAT DO NOT YET HAVE TO APPLIED IN THE CURRENT FISCAL YEAR

The International Accounting Standards Board (IASB) has issued the following new standards, interpretations and amendments to existing standards, whose adoption is not yet mandatory:

New or amended standards		Contents	First-time application for fiscal years beginning on or after the reporting date ...	EU-endorsed	Major impact on the Group
IFRS 9	New	Financial Instruments: Revision and replacement of all existing standard on classification and measurement of financial instruments	January 1, 2018	yes	none
IFRS 15	New	Revenue from contracts with customers	January 1, 2018	yes	see below
IFRS 16	New	Leases	January 1, 2019	no	see below
IFRS 14	New	Regulatory deferral accounts for companies, which are a first-time adopter of IFRS financial statements	January 1, 2016	rejected	none
IFRS 11	Amendment	Accounting for acquisitions of interests in joint operations	January 1, 2016	yes	none
IAS 1	Amendment	Disclosure initiative (IAS 1 amendments): Clarifications on materiality and adaptability in the presentation of financial statements	January 1, 2016	yes	none
IFRS 10, IFRS 12, IAS 28	Amendment	Investment companies: Changes to the consolidation exception	January 1, 2016	yes	none
IAS 16, IAS 38	Amendment	Clarification of acceptable methods of depreciation and amortisation (restrictions on revenue-based depreciation method)	January 1, 2016	yes	none
IAS 16, IAS 41	Amendment	Bearer plants	January 1, 2016	yes	none
IAS 27	Amendment	Equity method in separate financial statement	January 1, 2016	yes	none
IAS 12	Amendment	Recognition of deferred tax assets for unrealised losses	January 1, 2017	no	none
IAS 7	Amendment	Disclosure initiative: additional disclosures for financial liabilities arising from financing activities	January 1, 2017	no	none
IFRS 2	Amendment	Classification and Measurement of share-based payment transactions (clarifications)	January 1, 2018	no	none
IFRS 5, IFRS 7, IAS 19, IAS 34	Amendment	2012–2014 Annual Improvement Project	July 1, 2016	yes	none
IFRS 1, IFRS 12, IAS 28	Amendment	2014–2016 Annual Improvement Project	January 1, 2018	no	none
IFRS 10, IAS 28	Amendment	Sale or contribution of assets between an investor and its associate or joint venture	open	suspended	none
IAS 12	Amendment	Accounting for uncertainties in income taxes	open	no	none
IAS 21	Amendment	Determination of exchange rate for advance payments in a foreign currency	open	no	none
IAS 40	Amendment	Transfers of investment property	January 1, 2018	no	none

Thomas Bauer, Sales
DATAGROUP Stuttgart GmbH

The adoption of some standards and amendments requires their implementation within the scope of the IFRS endorsement procedure.

Every new or amended standard will only be adopted if the adoption is mandatory and the endorsement procedure was implemented.

DATAGROUP will adopt IFRS 15 “Revenue from Contracts with Customers” in FY 2018/2019 for the first time. IFRS 15 replaces the standards IAS 11 “Construction Contract” and IAS 18 “Revenue”. The new standard now requires a five-step model for the recognition of revenue with the steps 1. “Identify the contract”, 2. “Identify the independent performance obligations”, 3. “Determine the transaction price”, 4. “Allocate the transaction price to the performance obligations”, and 5. “Recognise revenue when (or as) the entity satisfies a performance obligation”, which has to be adopted to all contracts with customers.

When a contract is concluded, it must be determined, whether revenue from the contract has to be recognised at a certain point in time or over time. There are certain criteria helping to clarify whether control of the performance obligation is passed over time. If this is not the case, revenue has to be recognised at the time when control is passed to the customer. Factors that may indicate this are, for instance, the legal transfer of ownership, transfer of significant risks and rewards or a formal acceptance. Conversely, if control is passed over time, revenue must only be recognised over time if the percentage of completion of input- and output-based methods can be reliably determined.

Kim Laura Hoffmann, Marketing
DATAGROUP Business Solutions GmbH

DATAGROUP renders its services both via separately identifiable contracts with customers and in combination with goods and / or different services. In contracts where the sale of goods is the only performance obligation, the new regulations are likely to not have a major impact on the consolidated financial statements. Based on a preliminary assessment it can be assumed that services are rendered over time as the customer receives a benefit from the service which is consumed immediately. Consequently, these service contracts are not expected to have a major impact. As for contracts with a combination of different services, the identification of the individual performance obligations, the respective allocation of the transaction price and the date when revenue is recognised may result in shifts in revenue and the respective project-related margin to subsequent periods.

DATAGROUP will not adopt the new IFRS 16 "Leases" before its endorsement in FY 2019 / 2020. According to IFRS 16 a lease exists if a contract between lessee and lessor conveys the right to control the use of an identified asset for a fixed period of time in exchange for considerations. Based on the single lessee accounting model, the lessee has to capitalise a right of use in the lease asset and recognise a lease liability in the amount of the present value of future leasing payments for these lease contracts with a term of more than twelve months. The new standard stipulates that rental and lease agreements that have not been recognised so far will have to be recognised in the balance sheet in the future, comparable to the present recognition of finance leases. According to the current assessment, the future adoption of IFRS 16 c.p. will result in an increase in the balance sheet total, a reduction in the equity rate and an increase in EBITDA.

3. Scope of consolidation

DEFINITION OF THE SCOPE OF CONSOLIDATION

All subsidiaries on which the Group is able to exercise dominant control according to IFRS 10 have been included in the consolidated financial statements. In addition to the holding company, DATAGROUP SE, 17 other domestic subsidiaries have been included by full consolidation:

Nr.	Name and location of the company	Stake in %
1	DATAGROUP SE, Pliezhausen (formerly DATAGROUP AG, Pliezhausen)	100.0
2	DATAGROUP Stuttgart GmbH, Stuttgart	100.0
3	DATAGROUP Bremen GmbH, Bremen	100.0
4	DATAGROUP Offenburg GmbH, Offenburg	100.0
5	DATAGROUP Ludwigsburg GmbH, Ludwigsburg	100.0
6	DATAGROUP Hamburg GmbH, Hamburg	100.0
7	DATAGROUP Invest 3 GmbH, Pliezhausen	100.0
8	DATAGROUP Köln GmbH, Köln	100.0
9	DATAGROUP Business Services GmbH, Köln	100.0
10	DATAGROUP Consulting Services GmbH, Mainz (formerly DATAGROUP BGS GmbH, Mainz)	100.0
11	DATAGROUP IT Solutions GmbH, Pliezhausen	100.0
12	DATAGROUP Consulting GmbH, Pliezhausen	100.0
13	DATAGROUP Business Solutions GmbH, Siegburg	100.0
14	DATAGROUP Inshore Services GmbH, Rostock	100.0
15	DATAGROUP Mobile Solutions AG, Stuttgart (formerly Excelsis Business Technology AG, Stuttgart)	100.0
16	DATAGROUP Service Desk GmbH, Pliezhausen	100.0
17	DATAGROUP Data Center GmbH, Frankfurt am Main	100.0
18	DATAGROUP Enterprise Services GmbH, Siegburg	100.0

The companies arxes Consulting GmbH i.I., Cologne, and InDemand Printing Solutions GmbH i.I., Cologne have not been included in the consolidated financial statements because of ongoing insolvency proceedings. The two companies were acquired as part of the arxes acquisition (today DATAGROUP Köln GmbH), which resulted from the insolvency of TDMi AG.

CHANGES IN THE SCOPE OF CONSOLIDATION

In FY 2015 / 2016, the following changes were made to the scope of consolidation:

- Change of legal form from DATAGROUP AG to DATAGROUP SE.
- Acquisition of part of the business operations from Hewlett-Packard GmbH by the newly founded DATAGROUP Enterprise Services GmbH.
- Merger of DATAGROUP Invest GmbH into DATAGROUP SE and – subsequently – merger of DATAGROUP Vega GmbH into DATAGROUP BGS GmbH. The merger of the two latter entities resulted in DATAGROUP Consulting Services GmbH.
- Merger of Excelsis Informationssysteme GmbH into Excelsis Business Technology AG. Excelsis Business Technology AG changed its name to DATAGROUP Mobile Solutions AG within the scope of this merger.

Change of legal form from DATAGROUP AG to DATAGROUP SE

In a contract dated November 10, 2015, DATAGROUP AG acquired all shares of Vienna-based Corallo AG with the intention to merge the company into DATAGROUP AG as the incorporating legal entity, thus enabling DATAGROUP AG to change its legal form into a SE (Societas Europaea). On March 17, 2016, the Annual General Meeting of DATAGROUP AG approved the presented merger plan dated January 28, 2016 between DATAGROUP AG and Corallo AG. The effective date of the merger is January 1, 2016. The merger plan was notarised on March 17, 2016. The agreement on the participation of employees that has to be concluded in connection with the change of legal form according to Section 21 SEBG was signed on August 17, 2016. The change of legal form was entered in the Commercial Register on November 16, 2016.

The conversion into a SE aims at strengthening the competitive position of the DATAGROUP Group in an increasingly global market and also enhances the attractiveness of the DATAGROUP shares for international investors. Management board and supervisory board of DATAGROUP SE will be kept separated as before (dual board).

Acquisition of part of the business operations from Hewlett-Packard GmbH by the newly founded DATAGROUP Enterprise Services GmbH

In a resolution certified by notary dated May 30, 2016, DATAGROUP SE founded DATAGROUP Enterprise Services GmbH. The supervisory board of DATAGROUP SE approved the resolution on June 2, 2016. Pursuant to a further resolution dated July 15, 2016 a capital increase was effected. The company now has a share capital of EUR 1,000,000.00. The foundation was entered in the Commercial Register on June 10, 2016, the capital increase on July 26, 2016.

Sebastian Hein, Head of Sales
DATAGROUP Hamburg GmbH

DATAGROUP Enterprise Services GmbH acquired part of the business operations from Hewlett-Packard GmbH (short: HPE) on September 1, 2016. The transaction is based on a master services agreement with HPE and stipulates the takeover of a total of 306 IT specialists within the scope of a transfer of undertakings according to Section 613a BGB (German Civil Code). At the same time, DATAGROUP Enterprise Services GmbH has secured a major order from HPE and will provide IT services in the area of SAP and application management services for HPE's existing customers. The contract has a term of 64 months and can be extended by another 20 months thereafter.

The chosen contract structure ensures that the acquired employees can continue to be deployed in the existing customer situations. In the medium term, it is planned to use the potential of the acquired employees in other areas of the DATAGROUP Group as well. DATAGROUP acquires an employee base in a functioning environment and on the basis of HPE's procedures and processes, standards and conventions. For this reason, the transaction has to be classified as business combination according to IFRS 3.

The book values and fair values of the acquired assets and liabilities at the time of the acquisition were as follows:

Figures in EUR	01.09.2016 Book values	01.09.2016 Fair values at time of acquisition
Assets		
Long-term assets		
Other intangible assets	0.00	696,000.00
Other assets	23,773,818.64	23,773,818.64
	23,773,818.64	**24,469,818.64**
Short-term assets		
Other assets	5,972,974.48	5,972,974.48
Cash and cash equivalents	0.00	0.00
	5,972,974.48	**5,972,974.48**
Total assets	**29,746,793.12**	**30,442,793.12**
Liabilities		
Long-term liabilities		
Pension provisions	29,707,758.64	29,707,758.64
Other provisions	29,519.48	29,519.48
Deferred taxes	0.00	36,257.85
	29,737,278.12	**29,773,535.97**
Short-term liabilities		
Provisions	1,079,793.53	1,079,793.53
	1,079,793.53	**1,079,793.53**
Total liabilities	**30,817,071.65**	**30,853,329.50**
Total identifiable net assets	**–1,070,278.53**	**–410,536.38**

As part of the contract, DATAGROUP Enterprise Services GmbH has taken over pension obligations from HPE, which were valued with a total of EUR 50,793,008.00 on September 1, 2016. These obligations are backed by trust assets in the amount of EUR 21,085,249.36, which were assigned to a trustee installed by DATAGROUP. The difference of EUR 29,707,758.64, which is hedged for five years with a view to the expected actuarial interest trend, will be made available to DATAGROUP in five tranches.

Furthermore, personnel obligations had to be taken over which in part are offset by equalisation claims or which were also backed by transferred trust assets.

The contractually agreed rent-free use of premises over a period of 9 months was identified as intangible asset (advantageous contract).

Consideration

DATAGROUP Enterprise Services GmbH did not spend any explicit acquisition costs for the transaction, but rather receives payments from the vendor in the form of so-called “funding requirements” in the total amount of EUR 9,667,014.20. Part of this amount relates to the acquisition – and can therefore be assigned to the takeover of the employee base – and services that DATAGROUP partially has to render separately (deferred correspondingly). The acquisition accounts for EUR 6,147,431.89.

Negative difference

The total identifiable net assets amount to EUR –410,536.38. As the consideration rendered by DATAGROUP Enterprise Services GmbH amounts to EUR –6,147,431.89, there is a negative difference of EUR 5,736,895.82. Following a renewed revision of the fair values of the assets, debts and contingent liabilities, the negative difference was recognised in full in the other operating income. The recognition in income is allocated to the “Services” segment:

Figures in EUR	
Purchase price cash component (= compensation of expected costs)	–6,147,432.20
less identifiable net assets	–410,536.38
Negative difference	**–5,736,895.82**

Analysis of the cash outflow based on the acquisition

The transaction resulted in the following cash flows until September 30, 2016:

Figures in EUR	
Purchase price cash component (= compensation of expected costs)	1,867,014.20
Transaction costs of the company acquisition	–2,041,986.41
Cash and cash equivalents acquired along with the subsidiary	0.00
Total	**–174,972.21**

Impact on revenues and earnings before taxes

In the period just ended, DATAGROUP Enterprise Services GmbH contributed EUR 3,161,836.84 to revenues and EUR 3,945,234.19 to consolidated earnings (before taxes) under consideration of the other operating income from the negative difference and taking into account the incurred transaction costs. If the merger had taken place at the beginning of the fiscal year, revenues from continued operations would have totalled c. EUR 34,500,000.

Karl-Heinz Augustin, Managing Director
DATAGROUP Offenburg GmbH

Merger of DATAGROUP Vega GmbH into DATAGROUP BGS GmbH and change of company name to DATAGROUP Consulting Services GmbH

In a contract dated May 30, 2016, DATAGROUP Vega GmbH was merged into the incorporating legal entity DATAGROUP BGS GmbH with effect from October 2, 2015. The general meetings of DATAGROUP BGS GmbH and DATAGROUP Vega GmbH, which both were held on May 30, 2016, approved the merger plan. The employment relationships of all employees of DATAGROUP Vega GmbH at that time were passed to DATAGROUP BGS GmbH with all rights and obligations in accordance to Section 613a BGB.

Furthermore, DATAGROUP BGS GmbH changed its name to DATAGROUP Consulting Services GmbH at the general meeting on May 30, 2016.

It was a precondition for the merger of DATAGROUP Vega GmbH into DATAGROUP BGS GmbH that the parent company, DATAGROUP SE, directly holds the shares in both companies. Prior to the merger, however, DATAGROUP Vega GmbH was held only indirectly by DATAGROUP SE via DATAGROUP Invest GmbH. For this reason, DATAGROUP SE as incorporating entity and DATAGROUP Invest GmbH as transferring entity signed a merger contract dated April 26, 2016. The effective date of the merger is October 1, 2015. It was entered in the Commercial Register of DATAGROUP SE on June 9, 2016.

The mergers and the change of company name were entered in the Commercial Register on June 22, 2016 for DATAGROUP Consulting Services GmbH and on June 9, 2016 for DATAGROUP SE.

Merger of Excelsis Informationssysteme GmbH into Excelsis Business Technology AG and change of company name to DATAGROUP Mobile Solutions AG
Based on the contract dated February 25, 2016, the merger between Excelsis Informationssysteme GmbH as transferring entity and Excelsis Business Technology AG as incorporating entity was implemented. The supervisory board of Excelsis Business Technology AG approved the merger in a meeting on March 3, 2016. The effective date of the merger is October 1, 2015. The employment relationships of all employees of Excelsis Informationssysteme GmbH at the time of the merger were passed to Excelsis Business Technology AG in accordance to Section 613a BGB.

Additionally, Excelsis Business Technology AG changed its name to DATAGROUP Mobile Solutions AG.

It was entered in the Commercial Register on April 27, 2016.

4. Accounting and measurement methods

CONSOLIDATION PRINCIPLES

The balance sheet date of the fully consolidated subsidiaries is the balance sheet date of the consolidated financial statements. It was not necessary to prepare an interim financial statement for a consolidated company. All group companies have a fiscal year from October 1 to September 30.

Company mergers are recognised in accordance with the acquisition method. The purchase price of the acquired subsidiary is allocated to the acquired assets, liabilities and contingent liabilities. In this respect, the value ratios at the time on which control of the subsidiary was achieved are decisive. The recognisable assets and the acquired liabilities and contingent liabilities initially are fully measured at their fair value. Any remaining difference on the assets side is then recognised as goodwill. Goodwill is subject to an impairment test at least once a year, which may lead to depreciation requirements. Any remaining difference on the liabilities side is then recognised in the income statement following another review. A subsidiary's income and expenses are included in the consolidated financial statements from the date of acquisition. A subsidiary's income and expenses continue to be consolidated until the date on which the parent company's control ends.

As part of the debt consolidation, receivables are offset against the respective liabilities between the fully consolidated companies. The elimination of intercompany profits is applied to intercompany resales of property, plant and equipment and customer orders. The consolidation of income and expenses sets off revenue, other operating income, interest and similar income against the expenses related to them.

ACCOUNTING AND MEASUREMENT PRINCIPLES

Several standards and amendments of standards had to be adopted for the first time in this fiscal year (cf. Section I.2.). However, it was not necessary to adjust the accounting and measurement methods.

Estimates and assumptions
Preparing the annual financial statements necessitates discretionary decisions and to a certain extent estimates have to be made as well. These estimates and assumptions had an impact on the amount and disclosure of the recognised assets, liabilities and contingent liabilities. The management assumes that existing risks are sufficiently covered by the assumptions and judgements made. These estimates and assumptions are based on historical experience and other sources of information that are considered reasonable under current conditions. The estimates

and assumptions are subject to permanent review. Actual results and developments may differ from these estimates and assumptions. Changes are recognised in income when better information is available.

The discretionary decisions, estimates and assumptions taken are of particular significance for the following assets and liabilities:

- Intangible assets
- Construction contracts
- Receivables
- Earn-out obligations
- Provisions

The purchase method applicable to the accounting for business combinations uses estimated values for the determination of the fair values, particularly of intangible assets such as brands, order backlog and customer relationships and of earn-out obligations at the date of acquisition. In some cases, the purchase contracts contain earn-out clauses according to which the purchase price increases in dependence of the achievement of fixed targets. Both the expected useful life of the assets determined as part of the purchase price allocation and the fair values are based on management estimates. When assessing the fair values of intangible assets and earn-out obligations,

Justine Kleindienst, Sales
DATAGROUP Stuttgart GmbH

estimates of future cash flows play a major role. The identified intangible assets were recorded in the balance sheet at a book value of EUR 6,691,021.00 (previous year EUR 8,636,566.00), goodwill stood at EUR 38,523,419.65 on September 30, 2016 as in the previous year. Earn-out obligations were measured at EUR 346,000.00 (previous year EUR 1,945,164.52).

Construction contracts and service business were recognised – provided conditions are met – according to the percentage of completion method. To determine the degree of completion according to the cost-to-cost method, management determined the entire order costs with a certain level of discretion. At the balance sheet date, DATAGROUP reported construction contracts with a credit balance towards the customers of EUR 3,050,462.10 (previous year EUR 2,994,874.95), with a debit balance of EUR 21,782.02 (previous year EUR 50,989.47).

The risk of potential losses arising from the insolvency of customers was hedged by setting up provisions for doubtful accounts. In the process of setting up provisions, receivables were considered on an individual basis and tested for impairments. Impairments on trade receivables amounted to EUR 253,371.75 (previous year EUR 241,463.75) at the balance sheet date.

A provision is a present obligation resulting from an obligating event in the past, which is uncertain as to the date and / or amount of the outflow of resources. To recognise provisions of EUR 46,351,467.24 (previous year EUR 16,060,546.69) assumptions and estimates had to be made by the management on the magnitude and likelihood of occurrence of an outflow of resources.

Frank Wolf, Member of the Board
DATAGROUP Mobile Solutions AG

Basis of currency translation
The reporting currency is euro, which is also the functional currency of the holding company. Foreign currency transactions are translated with their current prices at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency using the exchange rate of the reporting date. The translation differences determined on the reporting date are reported in the income statement.

Recognition of income / revenue
Revenues are recognised as soon as the inflow of economic benefits is estimated as being probable and the level of income can be reliably measured. The level of income is determined by the fair value of the consideration. The reported revenues include revenues for sale of goods and for rendering services. Service revenues are based on orders in the form of work or service contracts. These operations are recognised according to the percentage-of-completion method subject to the degree of completion, provided the outcome can be reliably estimated. The degree of completion is determined according to the cost-to-cost method. Revenues for sale of goods are recorded at the time of the transfer, while taking account of expected returns.

The delivery and performance of an entire service portfolio can be agreed in a multi-component contract. In this respect, the fair value of the individual components determines the level of revenues that can be considered as realised.

Interest income is recognised over time while taking account of the effective interest rate.

Earnings per share
Earnings per share are a key figure showing a public limited company's earnings divided by the average number of shares outstanding. Undiluted earnings per share show the net income attributable to the shareholders of DATAGROUP SE divided by the weighted average number of common shares outstanding.

Mergers and goodwill
Mergers are recognised in accordance with the acquisition method. The acquisition costs are calculated as the excess of the consideration transferred, measured at the fair value at the acquisition date, and the value of the non-controlling interest in the acquired company with the help of the acquired identifiable assets on the one hand, and the acquired liabilities of the acquired company on the other hand.

On initial recognition, goodwill is valued at acquisition cost. If the total consideration (initial purchase price, value of earn-out and other obligations) is below the fair value of the acquired subsidiary's net assets, the difference is recognised in the income statement after a renewed review.

After initial recognition, goodwill is valued at acquisition cost minus accumulated impairment losses. There is no write-up on goodwill once impairments are made. For the purpose of an impairment test, goodwill acquired through a merger is allocated to the cash generating units of the Group which are expected to benefit from it, as of the date of acquisition. This is irrespective of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

Recoverability of goodwill and intangible assets with indefinite useful life is tested once a year (on September 30 of any given year). Additionally, a test has to be conducted, if circumstances indicate that the value may be impaired.

The impairment loss is determined by calculating the recoverable amount of the cash-generating units to which goodwill has been allocated. If the recoverable amount of the cash-generating unit is less than the book value of this unit, an impairment loss is recognised. A recorded impairment loss on goodwill may not be reversed in the subsequent reporting periods.

Impairment tests for goodwill and intangible assets with indefinite useful life

Goodwill acquired through a merger and intangible assets with indefinite useful life were allocated to the following cash-generating units to test the recoverability:

- The cash-generating unit "Services" comprises all subsidiaries primarily providing IT services.
- The cash-generating unit "Solutions and Consulting" comprises the group companies, whose range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

Goodwill of cash-generating units:

Figures in EUR	30.09.2016	30.09.2015	30.09.2014	30.09.2013	30.09.2012
Services segment	16,325,268.29	16,325,268.29	16,325,268.29	16,325,268.29	16,325,268.29
Solutions and Consulting segment	22,192,268.03	22,192,268.03	18,459,247.17	18,459,247.17	18,459,247.17
Others (Holding)	5,883.33	5,883.33	8,828.75	8,828.75	8,828.75
Goodwill	**38,523,419.65**	**38,523,419.65**	**34,793,344.21**	**34,793,344.21**	**34,793,344.21**

The recoverable amount of all cash-generating units is determined by calculating the fair value less cost to sell with the help of a discounted cash flow model. The underlying cash flows are based on a budget planning which was adopted by management. A growth rate of 1 % was taken as a basis to extrapolate the cash flow projections for future years. This growth rate is in line with the long-term growth rate for the IT services sector as expected by the management. This analysis did not provide any indications for an impairment loss.

The basic assumptions for the calculation of the fair value less cost to sell include the discount rate and the growth rate which were taken as a basis for the extrapolation of the cash flow projections for multiannual planning.

Discount rates

The discount rates reflect the current market estimates with regard to the risks allocated to the cash-generating units, taking into account the interest effect and the specific risks of the assets. The discount rate considers the Group's and its segments' and affiliated companies' risk which would arise from a comparable investment on the capital market, and is based on the weighted average cost of capital (WACC). A uniform discount rate of 4.95 % (2015: 6.54 %) was chosen for the calculation of the fair value.

Sensitivity of the underlying assumptions

DATAGROUP prepared scenario analyses with deviating assumptions for the impairment tests. For instance, comparative calculations were made with the discount rate fluctuating by 100 basis points and the growth rate by 0.5 %. The book value did not exceed the fair value in any of the scenarios considered possible.

Other intangible assets

The other intangible assets mainly include brands, order backlog, customer bases, internally developed and acquired software, licences as well as non-competition obligations.

Marc Fischer, Service Manager
DATAGROUP Hamburg GmbH

Acquired intangible assets with definite useful life are recognised at the cost of acquisition or production less the cumulative linear depreciation and under consideration of any unscheduled impairment. The expected economic useful life within the DATAGROUP Group is between three and fifteen years. Depreciation is determined using the linear method.

Brands acquired as part of company acquisitions are recognised to the extent of the benefit resulting from their brand rights. In connection with the DATAGROUP umbrella brand strategy, it is generally assumed that acquired companies are given the company name "DATAGROUP" in the medium term. For this reason, the acquired brand's useful life is expected to be limited. The acquisition costs for the capitalised brands are depreciated on a straight-line basis in accordance with their useful life. At present, no brand is capitalised anymore.

Order backlog and customer bases as well as non-competition obligations are measured at fair value. The valuation of order backlogs and customer bases as well as non-competition obligations linked to company acquisitions is based on the benefit for the acquiring company. The useful life is assumed to be between three and eight years.

Internally developed intangible assets are capitalised provided the conditions under IAS 38.57 are met. Internally developed intangible assets with a definite useful life are recognised at the cost of production less the cumulative linear depreciation and under consideration of any unscheduled impairment. The cost of production includes all directly attributable costs needed to bring the asset in the condition required for its intended operational use. Research expenses are recorded as expense in the period in which they occur. The expected economic useful life within the DATAGROUP Group is between three and ten years. Depreciation is determined using the linear method.

Given that intangible assets with indefinite useful life are not subject to scheduled depreciation, recoverability is proven by an impairment test at least once a year. If it is not possible to attribute separate cash flows to the individual assets, recoverability is tested on the basis of the superior cash-generating unit of assets.

Angelika Barduhn, Service Manager
DATAGROUP Hamburg GmbH

If the reasons for the previously recorded impairment loss cease to apply in whole or in part, a reversal of impairment is recognised in the income statement up to the amortised acquisition or production costs.

Property, plant and equipment
Property, plant and equipment are recognised at amortised acquisition or production costs. They are depreciated according to their probable useful economic live using the straight-line method. The expected economic useful life within the DATAGROUP Group is between one and ten years, in individual cases up to 33 years. Depreciation is determined using the linear method.

If there are indications of impairment, an impairment test is carried out. If the recoverable amount is less than the amortised acquisition or production costs, property, plant and equipment are depreciated on a non-scheduled basis. As soon as the reasons for an unscheduled depreciation cease to apply, a write-up is recognised up to the amortised acquisition costs.

Inventories
Inventories are measured at the lower of acquisition or production costs and the net realisable value. The acquisition or production costs are determined on the basis of the weighted average cost of capital. The net realisable value is defined as the expected selling price less the costs incurred until the sale.

Construction contracts
If the outcome of a construction contract can be reliably estimated, overall revenues expected for the individual contract are capitalised in accordance with the percentage of completion method, i.e. the relation between total costs already paid and the expected overall costs of the individual project. Change requests are included in the assessment of the capitalised construction contracts. Identifiable losses are immediately and fully recognised as an

expense. Advance payments already received are deducted from the construction contracts. If the result cannot be reliably assessed, the incurred acquisition and production costs are capitalised. An expected loss is recognised as an expense. When determining the overall revenues, payments for change requests are also considered in addition to the initial amount of revenue agreed in the contract.

Financial instruments
Financial instruments are contracts which result in a financial asset with one company and a financial liability or an equity instrument with another. On the one hand, financial instruments comprise primary financing instruments such as receivables and trade payables or also financial receivables and financial liabilities. On the other hand, they also include derivative financial instruments such as options, forwards as well as interest rate swaps and currency swaps. Financial assets and liabilities are categorised as follows:

1. Assets and liabilities that are recognised at their fair value through profit or loss
2. Assets that are available for sale
3. Assets that are to be held until final maturity
4. Loans and receivables
5. Other financial liabilities

Financial assets and liabilities of the first category are measured at fair value at the balance sheet date. Market fluctuations must be recognised in the income statement.

Assets that are available for sale are also measured at fair value. In general, changes in the market value are directly offset against equity without impacting income and are shown in the statement of comprehensive income. Only permanent impairment and currency effects are recognised in profit or loss. On disposal of the asset, accumulated valuation differences previously recognised in equity are recognised in the income statement.

Assets that are held until final maturity as well as loans and receivables which are accounted for at amortised cost (nominal value) or using the effective interest method are recognised at the lower fair value. Risk are covered by impairment losses, which are recognised and reversed affecting net income. The latter applies in particular to trade receivables, where impairment losses are recognised both for identifiable individual risks and for general credit risks. As soon as the reasons for impairment losses made in previous years cease to apply, a reversal of impairment is recognised up to the amortised acquisition costs.

Pursuant to IFRS 7.25 the fair value for each class of financial instrument has to be disclosed.

The fair values which have to be disclosed for each class of financial instrument correspond with the book values. This applies directly to assets and liabilities in categories 1 and 2 (assets and liabilities that are recognised at their fair value as well as assets available for sale). The book value can be considered a sufficient approximate value to the fair value for assets and liabilities of categories 3 to 5 (assets held until final maturity, loans and receivables as well as other financial liabilities).

To determine the effectiveness of the fair value of the financial instruments there are three different levels:

Level 1: Valuation is based on quoted unchanged prices on active markets for identical assets and liabilities
Level 2: Valuation is made on the basis of input factors that can be observed for the asset or the liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3: Valuation of assets and liabilities is not based on observable market data.

Derivative financial instruments
Both initial recognition and subsequent measurement are made at fair value. Changes in fair value either can be included in the income statement or directly in equity – shown in the statement of comprehensive income. The decisive factor in this respect is whether the derivative financial instrument is included in an effective hedging relationship. If there is no effective hedging relationship between the hedge and the hedged item, changes in fair value are recognised in the income statement. The DATAGROUP Group has not concluded any hedging transactions or acquired any derivative financial instruments.

Other assets
Other receivables and other assets are recognised at the lower of amortised cost or market value. Account is taken of all identifiable individual risks and general default risks by means of appropriate value reductions. Specific cases of default lead to the receivable in question being written off.

Pension provisions
Provisions for defined benefit plans are determined using the projected unit credit method according to IAS 19 “Employee Benefits”. The pension commitment is calculated in accordance with actuarial principles and also accounts for an increase in salaries and pensions to be expected in future. Plan assets are offset with the pension obligations at market value. Actuarial gains or losses are recorded in equity with no effect on net income and are shown in the statement of comprehensive income.

Other provisions
Provisions are recognised for current uncertain obligations arising from past events, if these obligations give rise to a future outflow of resources. The amount of the obligation has to be reliably estimated and takes account of all recognisable risks. The valuation is made with the best possible estimate of the amount to be paid; possible rights of recourse are not offset against provisions. Long-term provisions, provided the effect is material, are recorded at their discounted net present value with matching maturity. If a reliable estimate is not possible, no provision is recognised, but a contingent liability is disclosed in the notes to the consolidated financial statements.

Other liabilities
Other liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Taxes
The actual income tax expense is calculated on the basis of the taxable income using the tax rates applicable to the individual company. Actual tax assets and actual tax liabilities are recognised at the amount expected.

Pursuant to IAS 12 “Income Taxes”, deferred taxes are calculated using the balance sheet liability method for all temporary and quasi-permanent differences between the tax balance sheet and the consolidated balance sheet. Additionally, deferred tax liabilities are recognised on tax losses carried forward that have not yet been used, provided it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred taxes are determined using the company-specific tax rate. This tax rate corresponds to the expected tax rate for the period in which an asset is realised or a liability settled. Deferred tax assets and tax liabilities are only offset against each other if there is an identity of the tax creditor.

Carsten Wink, Head of SAP Application Management Services
DATAGROUP Business Solutions GmbH

Leases
Pursuant to IAS 17 “Leases”, economic ownership of leased assets is allocated to the contract partner which bears the significant risks and rewards associated with ownership. Leases are categorised into operating lease and finance lease.

If the lessor bears all significant rewards and risks (operating lease), the asset is capitalised in the lessor’s balance sheet. Payments for leasing contracts which are classified as operating lease are recognised as expenses of the lessee over the term of the leasing contract. The lessor recognises the incoming leasing rates in the same way, i.e. distributed over their term.

If the lessee bears all significant rewards and risks arising from the contract, the lessee recognises the asset (finance lease). At the beginning of the finance lease contract, assets and liabilities are recognised in the same amount, i.e. at fair value of the leased item or at the lower present value of the minimum lease payments. In the subsequent periods, leasing payments are divided into an interest portion and a portion to be deducted from receivables to determine the loans carried in the balance sheet. Financing costs shall be distributed over the term of the contract such that there is a constant interest rate on the respective remaining debt. The asset’s value which was capitalised at the beginning is amortised on a straight-line basis over the term of the contract under consideration of a remaining value that may have been agreed. The lessor capitalises a receivable in the amount of the present value of the minimum lease payment at the beginning of the lease contract. Incoming leasing rates are divided into an interest portion to be deducted from receivables, similar to the lessee.

Government grants
Government grants are recognised in the income statement as other operating income in the period in which the expenses to be compensated through the respective grants are incurred. They are not recognised as income if there are no sufficient guarantees that the conditions for the subsidies to be granted are met.

II. Notes to the consolidated income statement

1. Revenue

Revenue is divided as follows:

Figures in EUR	2015/2016	2014/2015
Service and maintenance	135,907,157.89	120,773,260.24
Trade	38,820,586.09	36,592,050.14
others	190,395.06	208,717.26
Revenue	**174,918,139.04**	**157,574,027.64**

Business abroad only plays a minor role for the DATAGROUP Group; 98.4 % (previous year 99.0 %) of revenue was generated in Germany.

The share of services in revenue continued to grow to 77.7 % after 76.6 % a year earlier. The “Solutions and Consulting” segment generated 45.7 % of revenue (after 45.6 % in the previous year). More detailed information on the revenue development can be found in the Management Report under section 3. Net assets, financial position and results of operations of the DATAGROUP Group.

2. Other operating income

Other operating income is composed as follows:

Figures in EUR	2015/2016	2014/2015
Income from offsetting remuneration in kind	1,581,484.82	1.442,219.68
Income from reversal of provisions and liabilities	441,758.80	803,014.80
Income from revaluation of assets and liabilities	82,583.19	66,130.88
Rental income	145,417.43	184,821.64
Income from insurance compensation	59,362.38	89,381.59
Income from acquisition of business operations	5,736,895.82	786,778.69
Others	368,717.17	1,208,466.68
Other operating income	**8,416,219.61**	**4,580,813.96**

3. Material expenses / expenses for purchased services

Material expenses are composed as follows:

Figures in EUR	2015/2016	2014/2015
Material expenses	33,176,295.77	31,321,209.91
Expenses for purchased services	24,995,999.42	21,853,821.40
Material expenses / expenses for purchased services	**58,172,295.19**	**53,175,031.31**

4. Personnel expenses

Personnel expenses are composed as follows:

Figures in EUR	2015/2016	2014/2015
Wages and salaries	73,403,137.34	66,044,443.04
Social contributions	12,016,864.17	10,779,200.03
Expenses for pensions and other other benefits	289,868.55	263,022.09
Personnel expenses	**85,709,870.06**	**77,086,665.16**

5. Depreciation and amortisation

Depreciation and amortisation refer to the following assets:

Figures in EUR	2015/2016	2014/2015
On intangible assets		
internally developed	288,619.86	238,010.25
purchased	3,316,330.00	3,419,629.26
On property, plant and equipment	2,822,776.83	2,077,606.91
Depreciation and amortisation	**6,427,726.69**	**5,735,246.42**

Amortisation of intangible assets is strongly influenced by company acquisitions: The recognition of assets such as brand, order backlog and customer base that were purchased as part of company acquisitions burden the result in the subsequent years. Amortisation from company acquisitions amounts to EUR 2,641,545.00 in the fiscal year after EUR 2,789,241.00 in the previous year.

6. Other operating expenses

Other operating expenses are as follows:

Figures in EUR	2015/2016	2014/2015
Travel and vehicle expenses	5,202,737.56	4,803,520.53
Occupancy costs	4,208,662.32	3,977,846.98
Ancillary personnel expenses	2,302,341.17	2,142,373.06
Administration expenses	3,135,804.19	2,662,857.86
Advertising expenses	1,424,089.46	1,235,057.21
Legal and advisory costs	3,485,948.89	831,651.52
Insurance and other contributions, fees and bank charges	744,831.32	687,174.11
Others	331,554.30	560,968.58
Other operating expenses	**20,835,969.21**	**16,901,449.85**

Legal and advisory costs include an amount of EUR 2,041,986.41 which is related to transactions costs from the acquisition of part of the business operations of Hewlett-Packard GmbH.

Research and development costs had a manageable volume in the DATAGROUP Group in the fiscal year. Regarding development activities of the DATAGROUP Group reference is made to the explanations in the consolidated management report under section 9. Other information – Research and development activities. No directly attributable expenses recognised as expense were incurred in the fiscal year.

7. Financial result

The financial result is as follows:

Figures in EUR	2015 / 2016	2014 / 2015
Financial income		
Investment income	64,803.30	100,743.33
Interest income from		
finance lease	135,504.05	240,819.82
others	690,014.77	212,102.09
Other financial income	271.50	92.50
	890,593.62	**553,757.74**
Financial expenses		
Bank loans	1,068,460.22	1,049,090.86
Finance lease	243,632.58	322,400.94
Effective interest method	403,227.81	416,325.53
Factoring	329,227.54	363,431.55
Revaluation earn-out obligations	222,295.48	175,737.00
Others	1,208,189.34	51,165.84
	3,475,032.97	**2,378,151.72**
Financial result	**– 2,584,439.35**	**– 1,824,393.98**

The other financial expenses include interest expenses from taxes of EUR 1,108,650.30 and the other financial income includes interest income from taxes of EUR 551,007.30, both of which are due to the outcome of an audit.

Financial expenses for bank loans remained essentially stable at declining interest levels, despite an expansion of loan volume. The factoring volume has declined.

8. Income taxes

In addition to actual taxes on income and profit, deferred taxes are reported as well:

Figures in EUR	2015 / 2016	2014 / 2015
Actual taxes	5,694,621.75	3,054,667.53
Deferred taxes		
from different times of valuation	924,407.71	– 640,313.73
from losses carried forward	– 2,243,493.83	442,243.31
	– 1,319,086.12	**– 198,070.42**
Income taxes	**4,375,535.63**	**2,856,597.11**

Deferred taxes from different times of valuation include taxes from the amortisation of assets capitalised as part of company acquisitions in the amount of EUR 829,692.73 (previous year EUR 929,936.96). They result in a decrease of the tax burden.

The DATAGROUP companies pay taxes on income and profit exclusively in Germany. The individual tax rates – depending on the municipal rate fixed by the different municipalities – are between 28.075 % and 32.450 % as in the previous year. The Group-wide tax rate was derived from the average and stands at 31.4 % (previous year 32.3 %). As tax rates of individual group companies remained stable, the reduction in the Group’s tax rate is due to the fact that affiliated companies with comparatively low tax rates contributed to a larger extent to earnings (EBT = earnings before taxes) than in FY 2014 / 2015. When taking this group-wide tax rate as a basis

the expected calculated tax rate expenses can be reconciled to the actual tax result as follows:

Figures in EUR	2015 / 2016	2014 / 2015
Earning before taxes	**10,091,004.29**	**7,779,628.98**
Group tax rate: 31.40 % (LFY 32.30 %)		
Expected tax expenses	**3,168,575.35**	**2,512,820.16**
Tax expenses and income of earlier years	2,538,604.38	105,923.48
Non-deductible operating expenses as well as trade tax additions and reductions	519,415.74	68,318.00
Non-recognised deferred taxes on permanent differences	– 37,746.00	217,087.52
Tax rate change for deferred taxes	14,508.91	– 43,974.93
Differences to local tax rates	– 2,515.46	– 10,710.40
Impact from the revaluation of tax losses carried forward	– 1,825,307.29	7,133.27
Actual tax expense	**4,375,535.63**	**2,856,597.11**

Actual tax rate: 43,36 % (LFY 36,72 %)
(corresponds to the relations between actual tax expenses and earnings before taxes)

In FY 2015 / 2016, the actual tax rate is 43.36 %. The deviations between the actual and the expected calculated tax rates observed in the last years are mainly due to tax expenses from the previous years, the revaluation of tax losses carried forward, the adjustment of permanent valuation differences that are not subject to taxation, e.g. the recalculation of earn-out obligations or investment book values as well as non-deductible business expenses and trade tax additions.

The specific reason for the high tax rate in FY 2015 / 2016 is the outcome of an audit by the financial authorities, according to which a profit-and-loss transfer agreement between companies of the DATAGROUP Group that was terminated in 2012 is classified as non-tax deductible with retroactive effect. The management of DATAGROUP SE considers this assessment inappropriate and announced it would appeal against the expected tax assessment notice. Without this special effect, which leads to additional net interest expenses of EUR 554,796.52 and tax expenses of EUR 682,396.80, the tax rate would amount to 34.7 %.

III. Notes to the consolidated balance sheet

1. Goodwill

Goodwill has not changed in the fiscal year. The following change occurred in the previous year:

Figures in EUR	2015/2016	2014/2015
Services	**16,325,268,29**	**16,325,268.29**
Solutions and Consulting		
Opening balance	22,192,268.03	18,459,247.17
Addition	0.00	3,730,075.44
Reclassification	0.00	2,945.42
	22,192,268.03	**22,192,268.03**
Others (Holding)		
Opening balance	5,883.33	8,828.75
Reclassification	0.00	−2,945.42
	5,883.33	**5,883.33**
Goodwill	**38,523,419.65**	**38,523,419.65**

2. Other intangible assets

In a comparision with last year's reporting date, other intangible assets are composed as follows:

Figures in EUR	30.09.2016	30.09.2015
Order backlog / customer bases	5,570,461.00	7,838,814.00
Internally developed intangible assets		
Software	1,496,540.94	1,199,013.86
Purchased intangible assets	2,729,633.34	2,407,441.15
Other intangible assets	**9,796,635.28**	**11,445,269.01**

An economic useful life of three years was determined for the capitalised order backlog; customer relationships have useful lives of between three and eight years. The acquired intangible assets generally are amortised over a period of between three and five years, in some cases also up to 15 years. Internally developed intangible assets have useful lives of between three and ten years.

Expenses for research and development of the DATAGROUP Group had a manageable extent in the fiscal year. Regarding development activities of the DATAGROUP Group, reference is made to the explanations in the consolidated management report under section 9. Other information – Research and development activities. No directly attributable expenses recognised as expense are incurred in the fiscal year.

3. Property, plant and equipment

Figures in EUR	30.09.2016	30.09.2015
Technical equipment	18,366.00	23,728.00
Furniture and office equipment	7,285,741.42	7,292,399.83
PPE	**7,304,107.42**	**7,316,127.83**

Property, plant and equipment include assets of EUR 2,910,145.31 (previous year EUR 3,016,265.95) acquired within the context of finance lease contracts.

The useful lives of property, plant and equipment are between one and ten years, in some cases also up to 33 years.

4. Non-current and current financial assets

Financial assets are structured as follows:

Figures in EUR	30.09.2016 Remaining term up to 1 year	30.09.2016 Remaining term 1 to 5 years	30.09.2016 Remaining term over 5 years	30.09.2016 Total
Investments	0.00	0.00	523,922.41	523,922.41
Receivables from shareholder	800,801.80	0.00	0.00	800,801.80
Securities	212,022.50	0.00	0.00	212,022.50
Receivables from finance lease	1,972,582.77	2,042,323.46	0.00	4,014,906.23
Other loans	0.00	0.00	9,350.00	9,350.00
Financial assets	**2,985,407.07**	**2,042,323.46**	**533,272.41**	**5,561,002.94**

Figures in EUR	30.09.2015 Remaining term up to 1 year	30.09.2015 Remaining term 1 to 5 years	30.09.2015 Remaining term over 5 years	30.09.2015 Total
Investments	0.00	0.00	338,546.88	338,546.88
Receivables from shareholder	2,152,706.94	0.00	0.00	2,152,706.94
Securities	215,262.50	0.00	0.00	215,262.50
Receivables from finance lease	3,109,087.33	3,474,618.02	0.00	6,583,705.35
Other loans	0.00	0.00	9,350.00	9,350.00
Financial assets	**5,477,056.77**	**3,474,618.02**	**347,896.88**	**9,299,571.67**

5. Other non-current assets

Figures in EUR	30.09.2016	30.09.2015
Receivables from tax authorities	49,474.64	58,476.94
Deposits	22,237.23	32,035.23
Others	23,868,168.90	44,377.15
Other non-current assets	**23,939,880.77**	**134,889.32**

The position "Others" mainly refers to Hewlett-Packard GmbH and results from the transaction carried out in the fiscal year. It is the interest-bearing long-term component of the compensation from the takeover of pension obligations (see also explanations under I.3.).

6. Deferred taxes

Deferred taxes were set up for the following asset and liability items:

Figures in EUR	30.09.2016	30.09.2015
Deferred tax assets on		
losses carried forward	3,803,665.00	1,560,172.00
financial assets	0.00	163,270.25
other assets	257,160.56	214,364.15
provisions	13,250,490.11	2,179,616.13
financial liabilities	1,312,197.82	2,237,097.67
other liabilities	0.00	114,262.96
	18,623,513.49	**6,468,783.16**
Balancing	–13,935,226.34	–5,004,303.12
Deferred tax assets	**4,688,287.15**	**1,464,480.04**

Figures in EUR	30.09.2016	30.09.2015
Deferred tax liabilities on		
other intangible assets	2,540,977.40	3.066,378.94
property, plant and equipment	57,347.05	138,584.98
financial assets	1,099,699.62	2.062,806.04
construction contracts	368,968.05	402,001.67
other liabilities	12,748,067.67	116,638.50
	16,815,059.79	**5.786,410.13**
Balancing	–13,935,226.34	–5.004,303.12
Deferred tax liabilities	**2,879,833.45**	**782,107.01**

Deferred taxes on losses carried forward are subject to a regular, at least quarterly, impairment test. It is examined whether and to which extent existing losses carried forward are expected to be offset against the positive results of an individual group company within the next five years. In the current and in the previous fiscal year, deferred taxes capitalised on losses carried forward were largely recognised without a need for valuation allowance.

Of the deferred taxes reported in the balance sheet, a total of EUR 156,747.59 was recorded with a resulting decrease in equity (previous year EUR 261,301.77 with an increase in equity), without influencing the income statement. They relate to the actuarial result from pension provisions.

7. Inventories

The following assets are recorded under inventories:

Figures in EUR	30.09.2016	30.09.2015
Work in progress	185,095.00	8,917.11
Finished goods and merchandise, gross	1,193,251.96	1,526,194.30
Impairments	0.00	–4,000.00
Prepayments	14,850.00	1,386.00
Inventories	**1,393,196.96**	**1,532,497.41**

The item “Finished goods and merchandise” mainly comprises hardware and software. Of the inventories, a total of EUR 320,253.08 (previous year EUR 164,408.07) was pledged as collateral for loan liabilities to banks. The respective credit facility has not been utilised on September 30, 2016.

8. Trade receivables

At the balance sheet date, trade receivables were as follows:

Figures in EUR	30.09.2016	30.09.2015
Trade receivables gross	16,321,363.57	16,908,536.67
Valuation allowance	–253,371.75	–241,463.75
Trade receivables	**16,067,991.82**	**16,667,072.92**

Over the course of the fiscal year, valuation allowances developed as follows:

	2015/2016	2015/2016	2015/2016
Figures in EUR	Specific valuation allowance	General valuation allowance	Total
Opening balance	**99,963.75**	**141,500.00**	**241,463.75**
Additions through changes in the scope of consolidation	0.00	0.00	0.00
Consumption	1,100.00	11,100.00	12,200.00
Additions	10,108.00	14,000.00	24,108.00
Closing balance	**108,971.75**	**144,400.00**	**253,371.75**

With the exception of retention of title, which is customary in the industry and agreed in commercial transactions to some extent, trade receivables are not collateralised. Hence, the DATAGROUP Group is exposed to the risk that bad debts may arise to the amount of the book values. This has been taken into account by recognising reasonable – also at a flat rate – specific valuation allowances. On September 2016, the DATAGROUP Group held no receivables which were overdue but not impaired.

9. Construction contracts

Under consideration of advance payments received on the assets and liabilities sides of the balance sheet, construction contracts look as follows:

Figures in EUR	30.09.2016	30.09.2015
Construction contracts, gross	3,761,188.15	4,184,819.85
Prepayments received	732,508.07	1,240,934.37
Construction contracts, net	**3,028,680.08**	**2,943,885.48**
Excess of assets	**3,050,462.10**	**2,994,874.95**
Excess of liabilities	**21,782.02**	**50,989.47**
Construction contracts, net	**3,028,680.08**	**2,943,885.48**

The construction contracts include order costs of EUR 2,525,868.64 (previous year EUR 2,854,384.80). Recognised gains amount to EUR 1,235,319.51 (previous year EUR 1,330,435.05).

Order revenues totalled EUR 10,310,498.34 (previous year EUR 11,009,680.41) in the fiscal year.

10. Other current assets

Other assets shown under current assets are composed as follows:

Figures in EUR	30.09.2016	30.09.2015
Receivables from affiliated companies	33,430.08	10,826.29
Receivables from companies in which participating interests are held	343,677.40	352,398.35
Receivables from tax authorities	3,464,146.07	123,174.16
Receivables from factoring	2,707,947.77	2,658,105.07
Others	13,097,378.31	3,204,000.94
Other current assets	**19,646,579.63**	**6,348,504.81**

The item “Others” mainly refers to the transaction with Hewlett-Packard GmbH and includes an amount for considerations not yet received as well as the short-term interest-bearing component of the compensation from the takeover of pension obligations (see also explanations under I.3.).

11. Cash and cash equivalents

Cash and cash equivalents only include bank deposits and cash:

Figures in EUR	30.09.2016	30.09.2015
Bank deposits	24,409,298.17	2,250,442.61
Cash on hand	14,920.09	14,347.10
Cash and cash equivalents	**24,424,218.26**	**2,264,789.71**

12. Equity

The equity development is shown in the overviews of the consolidated statement of changes in equity.

SUBSCRIBED CAPITAL

The company’s share capital amounts to EUR 7,590,000.00 and is distributed in 7,590,000 no-par value bearer shares. The pro rata amount of the share capital is EUR 1.00 per no-par share.

Authorised capital

The management board is authorised by a resolution of the Annual General Meeting of March 20, 2013, with the consent of the supervisory board, to increase the company’s share capital once or several times up to a nominal amount of EUR 3,036,000.00 until March 19, 2018 by issuing new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per no-par share against contributions in cash and / or in kind (authorised capital I 2013).

The management board is authorised by a resolution of the Annual General Meeting of March 20, 2013, with the consent of the supervisory board, to increase the company’s share capital once or several times up to a nominal amount of EUR 759,000.00 until March 19, 2018 by issuing new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per no-par share against contributions in cash and / or in kind (authorised capital II 2013).

Contingent capital

The management board is authorised by a resolution of the Annual General Meeting of March 12, 2015, with the consent of the supervisory board, to issue, once or several times, options or convertible bonds in the name of the bearer, profit participation rights or profit participating bonds, or a combination of these instruments (collectively “bonds”) up to a total nominal value of EUR 30,000,000.00 until March 11, 2020 with or without maturity date and to grant or impose on holders or creditors of the equally privileged bonds option rights or obligations or conversion rights or obligations relating to new no-par value bearer shares of DATAGROUP SE with a pro rata amount of the share capital up to a total of EUR 3,795,000.00, according to the conditions attached to these bonds. The bonds may feature a fixed or variable interest rate. Furthermore, the interest rate may be fully or partially subject to the dividend amount of DATAGROUP SE, as is also the case for a participating bond. The management board has made no use of this authorisation to date.

RETAINED EARNINGS

At the Annual General Meeting on March 17, 2016 it was resolved to distribute a dividend or EUR 0.25 per no-par share entitled to dividend for FY 2014 / 2015. The amount paid for 7,572,459 no-par shares totalled EUR 1,893,114.75.

For FY 2015 / 2016, the management board proposes to distribute a dividend of EUR 0.30 per no-par share entitled to dividend

Stefanie Schirmer, Service Manager
DATAGROUP Köln GmbH

ACCUMULATED OTHER COMPREHENSIVE INCOME

Beyond the consolidated net income of EUR 5,715,468.66 (previous year EUR 4,923,031.88) generated in the fiscal year, other comprehensive income of EUR 494,276.05 (previous year EUR – 622,307.23) was achieved. Other comprehensive income relates to actuarial gains from the valuation of pension provisions of EUR 651,023.64, which are reduced by deferred taxes on this item in the amount of EUR 156,747.59.

There were no other effects related to the accumulated other comprehensive income in FY 2015 / 2016.

In summary, the development of the accumulated other comprehensive income in FY 2015 / 2016 compared to FY 2014 / 2015 is as follows:

Figures in EUR	2015 / 2016	2014 / 2015
As at 01.10.	**– 3,970,814.23**	**– 3,348,507.00**
Other result	494,276.05	– 622,307.23
As at 30.09.	**– 3,476,538.18**	**– 3,970,814.23**

REPAYMENT OF CAPITAL / TREASURY SHARES

The company was authorised by the Annual General Meeting on May 9, 2012 to acquire treasury shares of up to 10 % of the share capital existing at the time of the adoption of the resolution on May 9, 2012, or – if this value is lower – the share capital registered at the time the shares are acquired. In so doing, the shares acquired as a result of this authorisation together with other shares in the company that it has already acquired and still holds, or which are to be assigned to the company pursuant to Sections 71d and 71e of the German Stock Corporation Act (AktG) may not at any time total more than 10 % of the existing share capital. This authorisation is valid until May 8, 2017.

Treasury shares are mainly acquired to grant them by way of consideration within the context of the acquisition of companies, parts of companies, share or other interests in companies.

In the fiscal year, the company's shares held in treasury remained unchanged at 17,541 share or nominally EUR 17,541.00. This corresponds to 0.23 % of the share capital.

13. Non-current and current financial liabilities

The tables below show the composition and maturity of the financial liabilities on September 30, 2016 and on September 30, 2015:

Figures in EUR	30.09.2016 Remaining term up to 1 year	30.09.2016 Remaining term 1 to 5 years	30.09.2016 Remaining term over 5 years	30.09.2016 Total
Liabilities to financial institutions	250,000.00	38,777,066.62	9,042,895.99	48,069,962.61
Liabilities from finance lease	2,941,825.30	4,017,100.94	0.00	6,958,926.24
Liabilities for the earn-out from the acquisition of subsidiaries	346,000.00	0.00	0.00	346,000.00
Financial liabilities	**3,537,825.30**	**42,794,167.56**	**9,042,895.99**	**55,374,888.85**

Figures in EUR	30.09.2015 Remaining term up to 1 year	30.09.2015 Remaining term 1 to 5 years	30.09.2015 Remaining term over 5 years	30.09.2015 Total
Liabilities to financial institutions	9,442,724.85	18,015,367.83	229,163.00	27,687,255.68
Liabilities from finance lease	4,020,197.32	5,564,983.14	0.00	9,585,180.46
Liabilities for the earn-out from the acquisition of subsidiaries	1,120,939.52	824,225.00	0.00	1,945,164.52
Financial liabilities	**14,583,861.69**	**24,404,575.97**	**229,163.00**	**39,217,600.66**

The earn-out obligations incurred with the acquisition of the Excelsis Group (now DATAGROUP Mobile Solutions AG) had a value of EUR 346,000.00 on September 30, 2016. Based on the improved actual and plan data for 2016 available at the balance sheet date, the provisions set aside for earn-out obligations not yet made as at September 30, 2016 increased by a total of EUR 222,295.48 with a reduction in profits. They are shown in the financial result.

The earn-out obligations recognised as liabilities have a short-term nature, they were valued at nominal amount.

14. Non-current and current provisions

Provisions are composed as follows:

Figures in EUR	30.09.2016 Short-term	30.09.2016 Long-term	30.09.2016 Total	30.09.2015 Total
Provisions for pensions	**0.00**	**41,828,897.33**	**41,828,897.33**	**12,822,342.00**
Other provisions				
from unfavourable contractual relationships	80,150.00	255,950.00	336,100.00	414,440.00
for restructuring	186,967.81	0.00	186,967.81	434,985.39
for other personnel costs	1,182,205.24	413,078.55	1,595,283.79	591,379.05
for warranties	146,035.90	0.00	146,035.90	94,371.05
for other obligations	2,124,543.85	133,638.56	2,258,182.41	1,703,029.20
Provisions	**3,719,902.80**	**42,631,564.44**	**46,351,467.24**	**16,060,546.69**

Provisions for unfavourable contracts relate to an excessive lease agreement.

Provisions for other personnel expenses include a provision of EUR 418,600.00 related to government grants for setting up a location in Mecklenburg-Vorpommern. Grants received in the last years were fully recognised on the liabilities side, as the conditions under which the allowance is granted were not fully met.

Provisions developed as follows in the fiscal year:

Figures in EUR	01.10.2015 As at	2015/2016 Consumption	2015/2016 Reversal	2015/2016 Allocation of interest	2015/2016 Allocation	30.09.2016 As at
Provisions for Pensions	**12,822,342.00**	**524,267.67**	**0.00**	**351,433.00**	**29,179,390.00**	**41,828,897.33**
Other provisions						
for unfavourable contracts	414,440.00	328,500.00	0.00	7,600.00	242,560.00	336,100.00
for restructuring	434,985.39	434,456.54	528.85	0.00	186,967.81	186,967.81
for other personnel costs	591,379.05	287,123.23	15,596.42	0.00	1,306,624.39	1,595,283.79
for warranties	94,371.05	68,171.05	0.00	0.00	119,835.90	146,035.90
for other obligations	1,703,029.20	2.005,268.05	82,970.51	0.00	2,643,391.77	2,258,182.41
Provisions	**16,060,546.69**	**3.647,786.54**	**99,095.78**	**359,033.00**	**33,678,769.87**	**46,351,467.24**

PENSION PROVISIONS

Provisions for pensions are set up to cover defined benefit commitments made to individual – partially former – employees of DATAGROUP Business Solutions GmbH and DATAGROUP Stuttgart GmbH. Additionally, there are defined benefit commitments for the employees taken over from Hewlett-Packard GmbH by DATAGROUP Enterprise Services GmbH as at September 1, 2016.

Part of the financial funds that are necessary to cover DATAGROUP Enterprise Services GmbH's pension obligations are managed by a trustee, other pension obligations of DATAGROUP Enterprise Services GmbH and of DATAGROUP Business Solutions GmbH are partially covered by reinsurance policies.

Martin Voelker, Head of Sales
DATAGROUP SE

The DATAGROUP companies have both defined contribution and defined benefit pension obligations.

Defined contribution obligations mainly exist in connection with the statutory pension obligation. In FY 2015/2016, employer contributions to statutory pension insurance amounted to EUR 5,700,000.00 (previous year c. EUR 5,100,000.00) in the DATAGROUP Group.

Defined benefit obligations are based on individual pension commitments, which to some extent were acquired following the transfer of undertakings pursuant to Section 613a German Civil Code (Bürgerliches Gesetzbuch, BGB). These are all closed pension schemes; there are no plans for other active employees to acquire entitlements. There are obligations for employees, pensioners and also for individual former employees with vested pension entitlement.

Based on the existing pension scheme, old-age pensions, invalidity pensions as well as widow's and orphan's pensions are granted. The amount of the pension obligations generally depends on the years of service and the salary of the eligible person. A one-off payment in the event of death is granted for part of the pension commitments provided that death occurs before the person reaches retirement age. In the event of survival, i.e. retirement age is reached, the pensioner can choose between a regular monthly payment or a one-off disbursement.

To cover the pension commitments, the company partially has signed trust agreements to secure the accrued trust assets as well as reinsurance policies. The trust assets available at the balance sheet date are fully netted out against pension provisions. Entitlements arising from the reinsurance policies are only netted out if they are pledged to the pension beneficiaries.

The provision is calculated with the projected unit credit method on the basis of the Heubeck actuarial charts 2005 G using the following parameters:

Figures in %	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2014/2015 DATAGROUP Business Solutions GmbH	2014/2015 DATAGROUP Stuttgart GmbH
Actuarial interest	1.40	1.20	1.20	2.40	2.40
Pension trend	1.75	1.75	1.75	1.75	1.75
Remuneration trend	2.00	2.00	0.00	2.00	0.00

In view of the divergent inventory structure, different actuarial interest rates were chosen for drawing up the reports of the individual group companies. While DATAGROUP Enterprise Services GmbH only has an active inventory, DATAGROUP Business Solutions GmbH and DATAGROUP Stuttgart GmbH have mixed inventories.

The pension obligations of DATAGROUP Stuttgart GmbH do not depend on salary.

The projected benefit obligation of the defined benefit obligation and the fair values of the plan assets arising from trust assets and reinsurance policies can be extrapolated as follows:

Figures in EUR	30.09.2016	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011	30.09.2010
Projected benefit obligation of the defined benefit obligation	64,661,039.33	14,573,986.00	13,702,557.00	12,439,902.00	12,422,098.00	260,700.00	291,300.00
Fair value of the plan assets	22,832,142.00	1,751,644.00	1,757,749.42	1,764,979.42	1,773,157.42	0.00	0.00
Provisions for pensions	**41,828,897.33**	**12,822,342.00**	**11,944,807.58**	**10,674,922.58**	**10,648,940.58**	**260,700.00**	**291,300.00**

Michael Freuwörth, Head of Sales
DATAGROUP Köln GmbH

Over the course of the fiscal year, the projected benefit obligation for the pension obligations has developed as follows:

Figures in EUR	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2015/2016 Total	2014/2015 DATAGROUP Business Solutions GmbH	2014/2015 DATAGROUP Stuttgart GmbH	2014/2015 Total
Projected benefit obligation on 01.10.	**0.00**	**14,211,691.00**	**362,295.00**	**14,573,986.00**	**13,369,780.00**	**332,777.00**	**13,702,557.00**
Additions out of transfer of employees	50,793,008.00	0.00	0.00	50,793,008.00	0.00	0.00	0.00
Current service cost	91,352.00	28,776.00	2,527.00	122,655.00	40,723.00	2,147.40	42,870.40
Pension payments	0.00	588,382.67	12,826.00	601,208.67	466,855.00	12,827.40	479,682.40
Interest expenses	49,947.00	334,020.00	8,541.00	392,508.00	394,091.00	9,791.00	403,882.00
Expected projected benefit obligation on 30.09.	**50,934,307.00**	**13,986,104.33**	**360,537.00**	**65,280,948.33**	**13,337,739.00**	**331,888.00**	**13,669,627.00**
Actuarial gains and losses							
from changes in financial mathematical assumptions	−3,129,785.00	2,406,761.00	76,066.00	−646,958.00	1,048,350.00	31,551.00	1,079,901.00
from changes based on experience	0.00	28,049.00	−1,000.00	27,049.00	−174,398.00	−1,144.00	−175,542.00
Total	**−3,129,785.00**	**2,434,810.00**	**75,066.00**	**−619,909.00**	**873,952.00**	**30,407.00**	**904,359.00**
Projected benefit obligation on 30.09.	**47,804,522.00**	**16,420,914.33**	**435,603.00**	**64,661,039.33**	**14,211,691.00**	**362,295.00**	**14,573,986.00**

The projected benefit obligations are distributed among the pension beneficiaries as follows:

Figures in EUR	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2015/2016 Total	2014/2015 DATAGROUP Business Solutions GmbH	2014/2015 DATAGROUP Stuttgart GmbH	2014/2015 Total
Active employees	47,402,896.00	996,648.00	100,588.00	48,500,132.00	791,239.00	71,132.00	862,371.00
Former employees with vested pension entitlement	0.00	3,257,703.00	97,515.00	3,355,218.00	2,785,063.00	74,507.00	2,859,570.00
Pensioners	401,626.00	12,166,563.33	185,343.00	12,753,532.33	10,635,389.00	171,541.00	10,806,930.00
Widows and orphans	0.00	0.00	52,157.00	52,157.00	0.00	45,115.00	45,115.00
Projected benefit obligations on 30.09.	**47,804,522.00**	**16,420,914.33**	**435,603.00**	**64,661,039.33**	**14,211,691.00**	**362,295.00**	**14,573,986.00**

Over the course of the fiscal year, the fair value of the plan assets has developed as follows:

Figures in EUR	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2015/2016 Total	2014/2015 DATAGROUP Business Solutions GmbH = Total
Fair value of plan assets on 01.10.	**0.00**	**1,751,644.00**	**0.00**	**1,751,644.00**	**1,757,749.42**
Additions out of transfer of employees	21,085,249.36	0.00	0.00	21,085,249.36	0.00
Additions to plan assets	0.00	41,075.00	0.00	41,075.00	13,966.00
Payments from plan assets	0.00	92,339.00	0.00	92,339.00	92,339.42
Expected income or expenses from plan assets	0.00	15,398.00	0.00	15,398.00	51,518.00
Expected fair value of plan assets on 30.09.	**21,085,249.36**	**1,715,778.00**	**0.00**	**22,801,027.36**	**1,730,894.00**
Actuarial gains and losses	−1.36	31,116.00	0.00	31,114.64	20,750.00
Fair value of plan assets on 30.09.	**21,085,248.00**	**1,746,894.00**	**0.00**	**22,832,142.00**	**1,751,644.00**

The plan assets refer to trust assets and claims resulting from insurance policies.

Karin Günderoth, Customer Service
DATAGROUP Stuttgart GmbH

Pension expenses are reflected in the income statement as follows:

Figures in EUR	2015 / 2016	2014 / 2015
Current service = Personnel expenses	122,655.00	42,870.40
Interest income	15,398.00	51,518.00
Interest expenses	392,508.00	403,882.00

To illustrate the range of possible fluctuations in the provision resulting from a change in the calculation of the underlying parameters a sensitivity analysis was conducted with different scenarios. To this end, the most important parameters for the calculation of the provision have changed in two directions each. Only one parameter was adjusted in every single scenario, the other remained unchanged. The adjustment of the most important parameters led to the following results:

	2015 / 2016	2014 / 2015
Figures in %	Increase or decrease of projected benefit obligation	Increase or decrease of projected benefit obligation
Interest – 0,5 %	12.99	6.88
Interest + 0,5 %	– 11.04	– 6.21
Pension trend – 0,5 %	– 6.92	– 5.53
Pension trend + 0,5 %	7.69	6.03
Life expectancy – 1 year	– 3.78	– 2.86
Life expectancy + 1 year	3.79	2.82

The following cash inflows and outflows for pension obligations can be expected in the next fiscal year (– = inflows):

Figures in EUR	2016 / 2017
Pension payments	720,571.17
Annuity payments from plan assets	575,539.00
Employer's contribution for plan assets	1,112,400.00
Total	**2,408,510.17**

The average remaining time to maturity of the obligations is approximately 15 years.

15. Trade payables

The full amount of trade payables is classified as current. If the liabilities relate to deliveries, they are subject to the customary retention of title to some extent.

16. Other liabilities

Other liabilities are composed as follows:

	30.09.2016	30.09.2016	30.09.2016	30.09.2015
Figures in EUR	Short-term	Long-term	Total	Total
Liabilities to affiliated companies	218,850.79	0.00	218,850.79	331,789.48
Liabilities to companies in which participating interests are held	1,687,591.77	0.00	1,687,591.77	2,125,197.78
Repayments received	4,116,845.16	0.00	4,116,845.16	255,399.79
Liabilities to tax authorities	5,547,458.85	0.00	5,547,458.85	1,994,638.53
Liabilities to personnel	7,873,939.77	0.00	7,873,939.77	6,931,589.54
Liabilities related to outstanding invoices	1,416,546.67	0.00	1,416,546.67	2,038,905.26
Loans	0.00	0.00	0.00	0.00
Other liabilities	2,147,195.96	18,941.91	2,166,137.87	1,695,721.58
Other liabilities	**23,008,428.97**	**18,941.91**	**23,027,370.88**	**15,373,241.96**

IV. Supplementary disclosures on financial instruments

Classification of financial instruments

The financial instruments of the DATAGROUP Group can be classified as follows:

	30.09.2016	30.09.2016	30.09.2016	30.09.2016
Category	I	II	III	
Figures in EUR	**Assets at fair value through profit or loss**	**Loans and receivables**	**Liabilities**	**Total**
ASSETS				
Receivables from finance lease contracts	0.00	4,014,906.23		4,014,906.23
Trade receivables	0.00	16,067,991.82		16,067,991.82
Cash and cash equivalents	0.00	24,424,218.26		24,424,218.26
Other assets	212,022.50	39,299,539.70		39,511,562.20
Financial receivables	**212,022.50**	**83,806,656.01**		**84,018,678.51**
LIABILITIES				
Liabilities from finance lease contracts	0.00		6,958,926.24	6,958,926.24
Trade payables	0.00		2,646,036.61	2,646,036.61
Liabilities to financial institutions	0.00		48,069,962.61	48,069,962.61
Other liabilities	0.00		2,601,892.20	2,601,892.20
Financial liabilities	**0.00**		**60,276,817.66**	**60,276,817.66**

	30.09.2015	30.09.2015	30.09.2015	30.09.2015
Category	I	II	III	
Figures in EUR	**Assets at fair value through profit or loss**	**Loans and receivables**	**Liabilities**	**Total**
ASSETS				
Receivables from finance lease contracts	0.00	6,583,705.34		6,583,705.34
Trade receivables	0.00	16,667,072.92		16,667,072.92
Cash and cash equivalents	0.00	2,264,789.71		2,264,789.71
Other assets	215,262.50	7,170,659.33		7,385,921.83
Financial receivables	**215,262.50**	**32,686,227.30**		**32,901,489.80**
LIABILITIES				
Liabilities from finance lease contracts	0.00		9,585,180.46	9,585,180.46
Trade payables	0.00		4,748,518.08	4,748,518.08
Liabilities to financial institutions	0.00		27,687,255.68	27,687,255.68
Other liabilities	0.00		4,824,192.65	4,824,192.65
Financial liabilities	**0.00**		**46,845,146.87**	**46,845,146.87**

Category I “Assets at fair value through profit or loss” only includes no-par value bearer securities measured at fair value. As the securities are all stock-listed, the fair value corresponds to the share price at the respective balance sheet date (Level 1). The DATAGROUP Group does not make use of derivative financial instruments.

Financial instruments allocated to the two other categories are valued at amortised acquisition costs. This value approach is considered a sufficient approximate value to the fair value (Level 3); so there is no need for a fair value disclosure.

The price fluctuations observed in the period under review (category I) and the write-ups and write-downs as well as the establishment and reversal of valuation allowances (categories II and III) are fully recognised in the income statement. The net result from financial instruments is composed as follows:

Figures in EUR	2015/2016 **Assets a fair value through profit or loss**	2015/2016 **Loans and receivables**	2015/2016 **Liabilities**	2015/2016 **Total**
Net result				
Interest result	9,841.75	229,394.28	–1,754,961.16	–1,515,725.13
Currency translation	0.00	–1,224.56	0.00	–1,224.56
Result from valuation through profit or loss at fair value	–3,240.00	0.00	0.00	–3,240.00
Value adjustment and gain/loss on disposal	0.00	3,735.04	–216,238.24	–212,503.20
Financial liabilities	**6,601.75**	**231,904.76**	**–1,971,199.40**	**–1,732,692.89**

Figures in EUR	2014/2015 **Assets at fair value through profit or loss**	2014/2015 **Loans and receivables**	2014/2015 **Liabilities**	2014/2015 **Total**
Net result				
Interest result	9,812.50	292,556.50	–1,748,483.48	–1,446,114.48
Currency translation	0.00	2,178.18	0.00	2,178.18
Result from valuation through profit or loss at fair value	–6,847.50	0.00	0.00	–6,847.50
Value adjustment and gain/loss on disposal	0.00	–30,110.87	–153,650.72	–183,761.59
Financial liabilities	**2,965.00**	**264,623.81**	**–1,902,134.20**	**–1,634,545.39**

Despite an increase in bank loans caused by the renewed issue of promissory note loans, interest expenses remained constant at a declining interest level. The valuation allowances on financial liabilities include “expenses” for the revaluation of earn-out liabilities in the amount of EUR 222,295.48 (previous year EUR 175,737.00).

Risk management

The DATAGROUP Group mainly has to face – related to the financial instruments – default, liquidity and interest rate risks. The currency risk is virtually insignificant, as the companies of the Group are all located in Germany and purchase and / or deliver goods and services from or to non-euro countries only to a negligible extent.

The central tool of the DATAGROUP Group to control financial opportunities and risks is a so-called rolling forecast system for sales planning and monitoring of revenues and contribution margins. In connection with a monthly income statement, this system allows a very precise statement on revenues, which is always up to date. Current costs and investments are adjusted on the basis of these monthly data to be able to meet the planned corporate results. Furthermore, monthly consolidated accounts are prepared in a simplified form.

Liquidity planning, which is prepared on a monthly basis for the entire Group, serves to provide an overview of the liquidity level determined within the DATAGROUP Group and the individual group companies, as well as the control of the expected liquidity development. Weekly liquidity planning is based on a planning horizon until September 30 of the current fiscal year, but at least on the following five weeks. Medium-term planning of financial resources exceeding this horizon is prepared as needs arise.

Regarding a more detailed description of the financial risks of the DATAGROUP Group we refer to the Group management report, section 5. Risks and opportunities.

Liquidity risks

A liquidity risk is the risk of not being able to fulfil payment obligations or raise the required funds. The key determinant to minimise the liquidity risks is the earnings power of the DATAGROUP Group, i.e. the ability to always generate sufficient operating cash flows. In this respect, we refer to the consolidated cash flow statement. The excess cash flows from the operations of the DATAGROUP companies are the basis to fulfil any future repayment and interest payment obligations, particularly those arising from existing loan and finance lease agreements. Interest payment and repayment obligations as at September 30, 2016 – also in a yoy comparison with September 30, 2015 – can be summarised as follows:

Marino Simunic, Head of Service Management
DATAGROUP Stuttgart GmbH

	Book value	Cash flow	Cash flow	Cash flow	Cash flow	Cash flow
Figures in EUR	30.09.2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2020 / 2021 ff.
Total (interest and redemption payments)						
Liabilities from finance lease contracts	6,958,926.24	3,089,523.61	2,460,117.90	989,880.73	628,126.29	60,012.55
Trade payables	2,646,036.61	2,646,036.61	0.00	0.00	0.00	0.00
Liabilities to financial institutions	48,069,962.61	1,245,421.32	9,231,633.11	10,627,626.05	9,007,917.66	21,790,673.23
Other liabilities	2,601,892.20	2,601,892.20	0.00	0.00	0.00	0.00
	60,276,817.66	**9,582,873.74**	**11,691,751.01**	**11,617,506.78**	**9,636,043.95**	**21,850,685.78**
thereof interest payments						
Liabilities from finance lease contracts		147,698.31	78,423.20	32,791.22	9,454.66	367.45
Liabilities to financial institutions		995,421.32	981,633.11	710,958.05	591,249.66	561,509.23
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,143,119.63	**1,060,056.32**	**743,749.27**	**600,704.32**	**561,876.68**

Figures in EUR	Book value 30.09.2015	Cash flow 2015/2016	Cash flow 2016/2017	Cash flow 2017/2018	Cash flow 2018/2019	Cash flow 2019/2020 ff.
Total (interest and redemption payments)						
Liabilities from finance lease contracts	9,585,180.46	4,231,436.74	2,757,160.33	2,043,364.62	632,172.75	326,152.53
Trade payables	4,748,518.08	4,748,518.08	0.00	0.00	0.00	0.00
Liabilities to financial institutions	27,687,255.68	10,237,812.37	886,853.13	8,873,604.11	1,269,596.05	8,960,816.64
Other liabilities	4,824,192.65	3,999,967.65	824,225.00	0.00	0.00	0.00
	46,845,146.87	**23,217,734.84**	**4,468,238.46**	**10,916,968.73**	**1,901,768.80**	**9,286,969.17**
thereof interest payments						
Liabilities from finance lease contracts		211,239.42	115,250.53	55,163.40	19,355.84	4,097.32
Liabilities to financial institutions		795,378.82	636,853.13	623,603.11	352,928.05	314,985.64
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,006,618.24	**752,103.66**	**678,766.52**	**372,283.90**	**319,082.96**

Christian Funken, Service Manager
DATAGROUP Köln GmbH

That the Group's liquidity risk is manageable is reflected in the fact that the current-account credit facility granted at the reporting date after a renewed issue of promissory loan notes in the amount of EUR 30,000,000.00 has not been used.

Interest rate risks

The DATAGROUP Group has to face the risk that higher cost of capital has to be raised for the required loans when the interest rate level increases. The Group's financing requirements result from both current business and acquisition activities.

To minimise the risk, liquidity requirements expected in the medium-term – not only related to the expansion of the Group – are financed by placing promissory note bonds and signing medium-term loan agreements, generally at fixed interest rates. The current promissory note bonds with a total volume of EUR 45,000,000.00 have terms of between three and seven years and generally have fixed rates. Given manageable costs for interest hedge, the interest rate risk is sufficiently limited. An increase or decrease in the interest level by 100 basis points would have improved or deteriorated the pre-tax profit of the DATAGROUP Group by EUR 30,000.00 (previous year EUR 130,000.00). There is no impact on equity.

Default risks

DATAGROUP faces the risk of not being able to satisfy justified claims, particularly in the operating business. There is a risk that individual customers may become insolvent. This risk is minimised by a broad spectrum of customers and regular credit checks, particularly when business is taken up.

Sylvia Molt, Bid & Transition Manager
DATAGROUP Köln GmbH

Impairments on trade receivables developed as follows in the fiscal year:

Figures in EUR	2015/2016 Specific valuation allowance	2015/2016 General valuation allowance	2015/2016 Total	2015/2016 Trade receivables gross
Opening balance	**99,963.75**	**141,500.00**	**241,463.75**	**16,908,536.67**
Additions through changes in the scope of consolidation	0.00	0.00	0.00	
Consumption	1,100.00	11,100.00	12,200.00	
Additions	10,108.00	14,000.00	24,108.00	
Closing balance	**108,971.75**	**144,400.00**	**253,371.75**	**16,321,363.57**

In the fiscal year, the DATAGROUP Group had bad debts for trade receivables of EUR 64,686.91 (previous year EUR 49,545.50). This corresponds to 0.04 % of revenues after 0.03 % in the previous year.

On September 30, 2016, the DATAGROUP Group held no receivables that were overdue but not impaired.

V. Capital management

As part of the capital management process, the DATAGROUP Group primarily aims at optimising the existing capital structure and having sufficient liquidity to ensure the necessary scope for organic growth and further company acquisitions. In connection with taking up promissory loan bonds, the DATAGROUP Group must also ensure a contractually fixed minimum ratio for the following balance sheet figures (so-called covenants):

- Economic equity ratio: economic equity (= sum of equity and subordinated loans) to balance sheet total in percent
- Total net debt to EBITDA

On September 30, 2016, the DATAGROUP Group had an economic equity ratio of 19.0 % after 25.2 % on September 30, 2015. In FY 2015/2016, the company reached a net debt/EBITDA ratio of 1.29 after 1.82 in the previous year. The transaction with Hewlett-Packard GmbH and the new promissory note loans resulted in a substantial increase in the balance sheet total by EUR 56.4 m. As expected, the equity ratio was down 6.5 percentage points. Covenants were adjusted to take account of the HPE transaction. On the other hand, the net debt/EBITDA ratio has improved over the previous year. The covenants reached are well above the scheduled conditions.

The management board is regularly informed about the development of these ratios in particular. The DATAGROUP Group is not subject to any other external minimum capital requirements.

Lars Lasser, Service Manager
DATAGROUP Köln GmbH

VI. Notes to the cash flow statement

The cash flow statement shows the change in cash and cash equivalents (financial resource fund) during the period under review. The financial resource fund comprises cash, sight deposits and short-term, highly liquid financial investments that can be converted to cash immediately and have to face only minor price fluctuation risks. A financial investment is only allocated to the financial resource fund, when the residual term does not exceed a period of three months. Bank overdrafts which are repayable on demand and form an integral part of the company's cash management are also allocated to the financial resource fund. Cash flows are determined in accordance with the indirect method.

Cash flow from operating activities

In FY 2015/2016, cash flow increased by EUR 1,236,727.59 over the previous year to EUR 13,217,685.77. This is mainly attributable to improved earnings.

In the period under review, cash flow from operating activities increased by EUR 86,774.02 yoy to EUR 9,518,126.99 (previous year EUR 9,431,352.97).

Tax payments in the period under review of EUR 10,264,300.06 (previous year EUR 1,760,744.38) are offset by cash inflow from tax refund claims of EUR 133,729.90 (previous year EUR 238,474.08). The significant increase in tax payments is attributable to good earnings and caused by tax audit findings (see also section II.8. Income taxes).

Cash flow from investing activities

Cash outflows from investing activities totalled EUR 3,710,896.88 (previous year EUR 9,294,648.11) in the period under review. Acquisitions made in the context of the expansion strategy resulted in payments for investments in fully consolidated companies in the amount of EUR 1,821,460.01 (previous year EUR 4,523,497.11). Investments in property, plant and equipment and intangible assets in the amount of EUR 3,323,710.05 (previous year EUR 3,673,113.60) were caused, amongst others, by the expansion of the CORBOX infrastructure and were also related to replacement investments, which are within a range that is normal for DATAGROUP.

Cash flow from financing activities

Net cash inflows from financing activities amounted to EUR 16,544,631.99 in the fiscal year and were particularly due to the issue of promissory note loans in a total volume of EUR 30,000,000.00. In the previous year, there were net cash outflows of EUR 7,512,143.05. Existing bank loans of EUR 9,250,000.00 (previous year EUR 4,132,600.00) were repaid according to schedule in the fiscal year. The dividend payment amounted to EUR 1,893,114.75 (previous year EUR 1,514,491.80) in the period under review. Finance lease agreements led to net cash outflows of EUR 1,117,131.95 in the fiscal year (previous year's net cash outflows EUR 693,993.26).

Alexander Wolf, Head of Sales
DATAGROUP Hamburg GmbH

VII. Segment information

The operating subsidiaries in the DATAGROUP Group are divided into two segments "Services" and "Solutions and Consulting". These segments are based on the service portfolio on which the respective companies are focused:

The "**Services**" segment comprises all subsidiaries primarily providing IT services. In particular, these IT services include the provision of IT workplaces (selection and procurement, on-site implementation, exchange and disposal of old equipment), services of our certified DATAGROUP data centres as well as service desk services.

The "**Solutions and Consulting**" segment comprises the group companies, where the range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

The registered offices and branches of the DATAGROUP companies are exclusively based in Germany. For this reason, a regional reporting is only helpful to a limited extent.

Segment reporting was prepared in accordance with IFRS 8 "Operating segments" and is based on the so-called "management approach", i.e. it is oriented towards the internal reporting in the DATAGROUP Group. Internal reporting, which is updated on a monthly basis, is subject to the same accounting and measurement principles as external reporting in the consolidated financial statements. Financial result, taxes and depreciation resulting from purchase price allocation are only shown at Group level and not allocated to individual segments. Transactions undertaken between the segments are calculated at market prices.

SEGMENT REPORTING

Figures in EUR	Services 2015/2016	Solutions & Consulting 2015/2016	Others & Consolidation 2015/2016	Total 2015/2016	Services 2014/2015	Solutions & Consulting 2014/2015	Others & Consolidation 2014/2015	Total 2014/2015
Revenues with external customers	99,398,008.75	74,804,827.64	715,302.64	174,918,139.04	89,732,902.06	68,484,300.87	–643,175.29	157,574,027.64
Revenues with other segment	2,282,641.24	5,129,277.23	–7,411,918.47	0.00	2,433,340.36	3,434,491.32	–5,867,831.68	0.00
Revenue of the segment	**101,680,649.99**	**79,934,104.87**	**–6,696,615.83**	**174,918,139.04**	**92,166,242.42**	**71,918,792.19**	**–6,511,006.97**	**157,574,027.64**
Material expenses/expenses for purchased services	43,935,641.30	20,283,846.27	–6,047,192.38	58,172,295.19	39,901,231.70	18,071,297.47	–4,797,497.86	53,175,031.31
Personnel expenses	38,350,942.38	42,521,950.92	4,836,976.76	85,709,870.06	35,574,489.28	37,943,540.35	3,568,635.53	77,086,665.16
Regular depreciation and amortisation	745,773.97	2,649,060.17	3,032,892.55	6,427,726.69	627,033.76	2,111,659.15	2,996,553.51	5,735,246.42
Operating income	**14,526,742.14**	**5,290,165.88**	**–7,141,464.39**	**12,675,443.64**	**9,720,095.05**	**6,577,231.86**	**–6,693,303.95**	**9,604,022.96**
Interest income				825,518.82				452,921.91
Interest expenses				3,249,225.99				2,371,211.72
Earnings before taxes				**10,091,004.29**				**7,779,628.98**
Taxes on income and profit				4,375,535.63				2,856,597.11
Net income for the period				**5,715,468.66**				**4,923,031.88**
Headcount on reporting date	712	892	26	1,630	707	600	23	1,330
Investments	1,158,493.77	2,926,023.39	1,792,026.76	5,876,543.92	5,575,035.15	5,077,776.06	1,571,450.50	12,224,261.71
Investments from changes in the scope of consolidation	0.00	0.00	0.00	0.00	0.00	7,502,099.44	0.00	7,502,099.44
Assets total segment	32,357,601.96	87,443,087.05	96,269,943.82	216,070,632.83	38,294,489.89	37,942,704.55	91,093,507.32	167,330,701.75
intersegment consolidation	–8,678,580.48	–5,846,057.68	–41,799,956.19	–56,324,594.35	–8,219,103.53	–9,555,170.82	–46,210,018.19	–63,984,292.54
Assets	23,679,021.48	81,597,029.37	54,469,987.63	159,746,038.48	30,075,386.36	28,387,533.73	44,883,489.13	103,346,409.22
Liabilities total segment	10,012,253.34	72,418,784.94	65,534,019.39	147,965,057.67	14,713,492.33	29,802,487.88	59,733,559.21	104,249,539.42
intersegment consolidation	2,277,371.57	–1,257,039.36	–17,606,535.43	–16,586,203.22	5,207,700.32	7,822,320.03	–37,983,704.62	–24,953,684.27
Liabilities	12,289,624.91	71,161,745.58	47,927,483.96	131,378,854.45	19,921,192.65	37,624,807.91	21,749,854.59	79,295,855.15

SEGMENT REPORTING BY GEOGRAPHIES

Figures in EUR	Germany 2015/2016	EU countries 2015/2016	Third country 2015/2016	Total 2015/2016	Germany 2014/2015	EU countries 2014/2015	Third country 2014/2015	Total 2014/2015
Revenues with external customers	172,129,327.57	1,397,830.29	1,390,981.18	174,918,139.04	156,013,341.39	280,005.71	1,280,680.54	157,574,027.64

The Services segment generated revenues of EUR 101,680,649.99 in the fiscal year. These are EUR 9,514,407.57 or 10.3 % more than in FY 2014/2015. EBITDA was EUR 15,272,516.11 (previous year EUR 10,347,128.81). The EBITDA margin stood at 15.0 % after 11.2 % in the previous year.

Revenues in the Solutions and Consulting segment rose by 11.1 % to EUR 79,934,104.87. The EBITDA margin of this segment was 9.9 % after 12.1 % in the previous year.

Revenues in the “Others & Consolidation” segment are related to services provided to other group companies, particularly by DATAGROUP SE, as well as countervailing consolidation entries.

VIII. Other information

1. Employees

In FY 2015/2016 the company employed, on average, 1,404 (previous year 2014/2015 1,267) people. On September 30, 2016, the number of employees totalled 1,630 (on September 30, 2015 1,330). When also accounting for management and apprentices, the headcount was 1,710 on September 30, 2016. DATAGROUP employed 55 apprentices on September 30, 2016.

2. Management board

The members of the company's management board are:

MR. HANS-HERMANN SCHABER
Chief Executive Officer (CEO
Chief Financial Officer (CFO)/Human Resources/Organisation

MR. DIRK PETERS
Chief Operating Officer (COO)
Chief Service Management Officer

3. Supervisory board

The members of the company's supervisory board are:

MR. HEINZ HILGERT
Managing Director TransVise GmbH, Frankfurt a.M.
Chairman

DR. CAROLA WITTIG (FROM MARCH 17, 2016)
Presiding Judge at the Stuttgart district court
Deputy Chairman (from March 17, 2016)

DR. HELMUT MAHLER (FROM DECEMBER 7, 2016)
Managing Director of Code White GmbH, Stuttgart

MR. KLAUS HARDY MÜHLECK (FROM MARCH 17, 2016 UNTIL NOVEMBER 19, 2016)
Senior Vice President/CIO thyssenkrupp AG, Ebersbach

MR. KARL-HEINZ EISEMANN (UNTIL MARCH 17, 2016)
Management Consultant, Stuttgart
Deputy Chairman (until March 17, 2016)

Maren Pöpperl, Service Manager
DATAGROUP Hamburg GmbH

DR. VOLKMAR WECKESSER (UNTIL MARCH 17, 2016)
Chairman of the management board of Gothaer Systems GmbH, Molfsee

4. Total remuneration of the members of the management board

The total remuneration of the members of the management board added up to EUR 2,554,328.55. This amount includes variable remuneration of EUR 1,511,995.18.

The total remuneration includes remuneration for the operational management of subsidiaries in the amount of EUR 620,341.68 (thereof EUR 285,995.18 variable).

5. Total remuneration of the members of the supervisory board

The total remuneration of the members of the supervisory board amounted to EUR 67,167.00 in the fiscal year.

6. Transactions with affiliated and associated companies and/or persons

The management board members and managing directors of the individual DATAGROUP companies, their close family members, HHS Beteiligungsgesellschaft mbH (HHS) and its subsidiaries were identified as affiliated and associated companies and/or persons.

Manfred Clar, Head of Service Processes
DATAGROUP Business Solutions GmbH

Transactions with affiliated and associated companies and persons mainly relate to clearing transactions, current account and loan relationships as well as service contracts.

DATAGROUP SE charges HHS a group contribution of EUR 175,200.00 (previous year EUR 175,200.00) for services provided by DATAGROUP SE to HHS and its subsidiaries. Furthermore, DATAGROUP SE provided other services to HHS in the amount of EUR 1,857.31 (previous year EUR 262.58). DATAGROUP SE received goods and services from HHS in the amount of EUR 352,381.43 (previous year EUR 255,296.16).

As in the previous year, DATAGROUP SE did not receive any goods or services from subsidiaries of HHS in this fiscal year. In the year under review, DATAGROUP SE provided services to several subsidiaries of HHS totalling EUR 1,281.44 (previous year EUR 656.44).

In the fiscal year, DATAGROUP SE granted HHS an overdraft in the total amount of EUR 4,500,000.00, which was valued at EUR 800,801.80 at the time of reporting. In the fiscal year, interest income amounted to EUR 58,094.86 (previous year EUR 32,593.16).

All transactions above were settled at fair market conditions.

7. Contingent liabilities

There are no contingent liabilities.

8. Leasing relationships

Economic ownership of leased assets is allocated to the contract partner which bears the major risks and benefits associated with ownership. Leases are categorised into operating lease and finance lease. The DATAGROUP Group has signed both operating lease and finance lease contracts and acts as lessor and lessee.

In particular, the DATAGROUP companies signed rent and lease contracts for using or financing data centres, for hardware and software, as well as for buildings and cars. Various companies of the DATAGROUP Group offer their major customers also financing solutions for the procurement of their IT infrastructure as a total package along with services and maintenance services. Refinancing is undertaken by professional leasing providers, to some extent by the suppliers' leasing companies. Finance leases are leasing transactions with IT solutions, no matter whether DATAGROUP acts as lessor or lessee. The other rent and lease contracts are recognised as operating leases in the annual accounts in accordance with IAS 17.

Book values = present values as well as minimum leasing payments can be depicted as shown below:

	30.09.2016	30.09.2016	30.09.2016	30.09.2016
Figures in EUR	up to 1 year	1 to 5 years	over 5 years	Total
Leasing obligations				
Finance lease				
Minimum leasing payments	3,089,523.61	4,138,137.47	0.00	7,227,661.08
Present value	2,941,825.30	4,017,100.94	0.00	6,958,926.24
Operating lease				
Minimum leasing payments	4,393,188.66	8,938,337.45	1,383,215.14	14,714,741.25
Leasing claims				
Finance lease				
Minimum leasing payments	3,089,523.61	4,138,137.47	0.00	7,227,661.08
Present value	1,972,582.77	2,042,323.46	0.00	4,014,906.23

	30.09.2015	30.09.2015	30.09.2015	30.09.2015
Figures in EUR	up to 1 year	1 to 5 years	over 5 years	Total
Leasing obligations				
Finance Lease				
Minimum leasing payments	4,231,436.74	5,758,850.23	0.00	9,990,286.97
Present value	4,020,197.32	5,564,983.14	0.00	9,585,180.46
Operating lease				
Minimum leasing payments	4,401,842.30	7,635,435.90	849,740.07	12,887,018.27
Leasing claims				
Finance Lease				
Minimum leasing payments	3,236,522.30	3,563,204.85	0.00	6,799,727.15
Present value	3,109,087.33	3,474,618.02	0.00	6,583,705.35

The contracts with customers (with DATAGROUP companies as lessor) do not have any non-guaranteed residual values.

The terms of the finance lease contracts – with DATAGROUP companies both as lessee and as lessor – are between 36 and 60 months. The calculated internal interest rates on which the leasing relationships are based are mainly between 1.5 % and 4.5 %.

Leasing agreements from operating leasing – due to the different underlying circumstances – are very diverse. Vehicle leasing contracts usually have a term of three years.

9. Transactions not included in the balance sheet

There are not transactions that are not included in the balance sheet.

10. Events after the balance sheet date

For details on events after the balance sheet date we refer to the information provided in the Group management report under section 6. Events after the reporting period.

11. Auditors' fees

BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, (BANSBACH) was commissioned to perform the audit of the accounts. The annual financial statements include the following expenses for the services of BANSBACH:

Figures in EUR	2015/2016	2014/2015
Fees for audit services	184,931.50	171,911.18
Tax advisory services	137,415.99	71,148.32
Other services	84,215.24	64,110.01
Auditor's fees	**406,562.73**	**307,169.51**

Of these expenses, EUR 292,950.00 (previous year EUR 246,000.00) were deferred at the balance sheet date. Among others, the increase in tax advisory services is attributable to an audit by the German financial authorities in the fiscal year. The result from the settlement of the provision created in the previous year was EUR 5,831.29 (previous year EUR – 1,180.85).

12. Inclusion in the consolidated financial statement of HHS Beteiligungsgesellschaft mbH

The company will be included in the consolidated financial statement of HHS Beteiligungsgesellschaft mbH, Pliezhausen, on September 30, 2016 (largest scope of consolidation). HHS Beteiligungsgesellschaft mbH is entered in the commercial register of Stuttgart under HRB 353224. The consolidated financial statement ending September 30, 2016 is to be published in the German Electronic Federal Gazette.

13. Notification from shareholders (pursuant to Section 20 para. 4 AktG)

In a letter dated January 22, 2006, HHS Beteiligungsgesellschaft mbH (previously DATAGROUP GmbH), Pliezhausen, notified DATAGROUP AG (previously DATAGROUP IT Services Holding AG), Pliezhausen, as follows: "DATAGROUP GmbH, Pliezhausen, informs you in accordance with Section 20 para. 1, clause 3 in connection with Section 16 para. 1 AktG (German Stock Corporation Act) that the company directly holds a majority share in DATAGROUP IT Services Holding AG."

14. Exemption pursuant to Section 264 para. 3 HGB (German Commercial Code)

The shareholder meetings of DATAGROUP Stuttgart GmbH, DATAGROUP Bremen GmbH, DATAGROUP Ludwigsburg GmbH, DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH decided to make use of the exemption under Section 264 para. 3 HGB and suspend the preparation and publication of the notes and the management report on September 30, 2016. The resolutions were disclosed in the German Electronic Federal Gazette in accordance with Section 325 HGB.

15. Proposal for the appropriation of net income

The management board proposes to the Annual General Meeting to distribute a dividend of EUR 0.30 per no-par share entitled to dividend from the retained earnings of EUR 5,993,363.94. The remaining amount is to be carried forward.

16. Authorisation to disclose the consolidated financial statement of the previous year

The authorisation to disclose the consolidated financial statements of the previous year ending September 30, 2015 was granted by the management board on January 28, 2016. Disclosure was made in a timely manner on our website at the end of January 2016, in the electronic commercial register on September 29, 2016.

Pliezhausen, January 17, 2017
DATAGROUP SE

Management board

Hans-Hermann Schaber **Dirk Peters**

Authorisation to disclose the consolidated financial statement

On January 19, 2017, the management board decided to release the consolidated financial statements of DATAGROUP SE ending September 30, 2016 for publication.

Auditors' Report

We have audited the consolidated financial statement of DATAGROUP SE, Pliezhausen, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes including segment reporting and Group management report for the fiscal year from October 1, 2015 to September 30, 2016. The preparation of the consolidated financial statement and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 in combination with Paragraph 3 HGB ("Handelsgesetzbuch", German Commercial Code), as well as the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and generally accepted German standards for audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatement materially affecting the presentation of net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. As part of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluation the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of DATAGROUP SE, Pliezhausen, for the fiscal year from October 1, 2015 to September 30, 2016 comply with the IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 in combination with Paragraph 3 HGB, as well as the supplementary provisions of the articles of incorporation, and give a true and fair view of net assets, financial position and results of operations of the Group in accordance with these requirements.

The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, January 18, 2017

Original, sole authoritative German version signed by

BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft	**Tiemann** Auditor	**Dr. Neubert** Auditor

Imprint

ISSUER
DATAGROUP SE
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