DATAGROUP
IT Services + Solutions

Annual Report 2016/2017

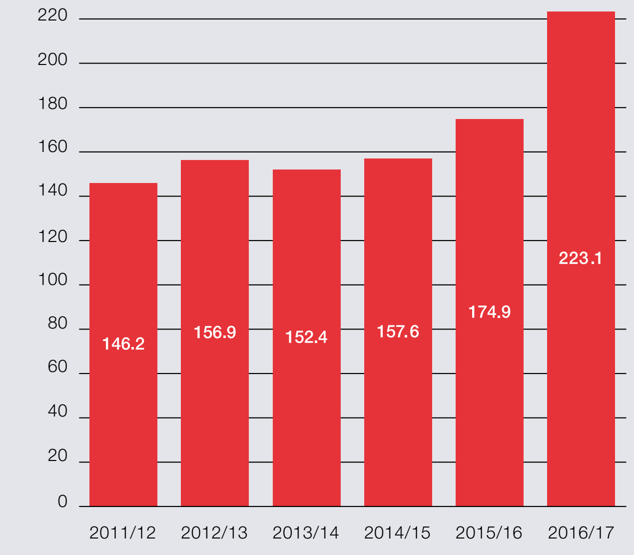
We manage IT

Overview of Key Figures

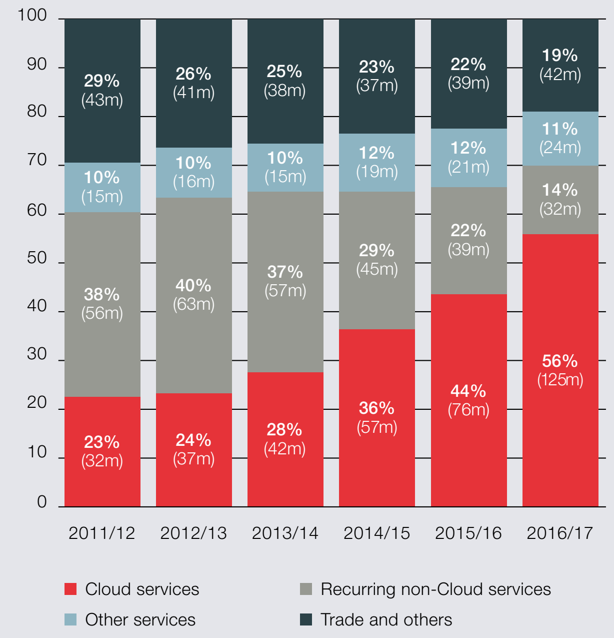
Annual Report of DATAGROUP SE. Pliezhausen.
for the fiscal year 2016/2017

Figures in TEUR	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Revenues	**146,183**	**156,935**	**152,380**	**157,574**	**174,918**	**223,142**
thereof services	97,265	94,861	93,237	92,166	101,681	151,436
thereof solutions & consulting	50,642	64,773	63,015	71,919	79,934	81,429
thereof other/ consolidation	−1,724	-2,699	-3,872	-6,511	-6,697	-9,723
thereof services and maintenance	102,980	116,082	114,413	120,773	135,907	180,631
thereof trade	42,923	40,541	37,707	36,592	38,821	42,297
thereof other/ consolidation	280	312	260	209	190	214
Other own work capitalised	**600**	**422**	**127**	**348**	**487**	**627**
Total revenues	**146,783**	**157,357**	**152,507**	**157,922**	**175,405**	**223,769**
Material expenses/ Expenses for purchased services	56,103	56,593	54,990	53,176	58,172	64,230
Gross profit	**90,680**	**100,764**	**97,517**	**104,746**	**117,233**	**159,539**
Personnel expenses	67,472	74,401	71,507	77,087	85,710	119,851
Other income etc.	3,198	3,758	2,999	4,581	8,416	9,103
Other expenses etc.	16,857	17,568	17,323	16,901	20,836	21,750
EBITDA	**9,549**	**12,553**	**11,686**	**15,339**	**19,103**	**27,041**
Depreciation from PPA	2,751	3,297	2,900	2,789	2,642	3,189
Other depreciation	3,006	3,165	2,573	2,946	3,786	5,262
EBIT	**3,792**	**6,091**	**6,213**	**9,604**	**12,675**	**18,590**
Financial result	−209	-1,853	-2,456	-1,824	-2,584	-1,991
Restructuring expenses	0	1,757	1,400	0	0	0
EBT	**3,583**	**2,481**	**2,357**	**7,780**	**10,091**	**16,599**
Taxes on income and profit	1,034	582	1,266	2,857	4,376	5,400
Net income	**2,549**	**1,899**	**1,091**	**4,923**	**5,715**	**11,199**
Shares (in thousand units)[1]	6,892	7,572	7,572	7,572	7,572	7,940
EPS (in EUR)	**0.37**	**0.25**	**0.14**	**0.65**	**0.75**	**1.41**
[1] plus treasury shares	8	18	18	18	18	18

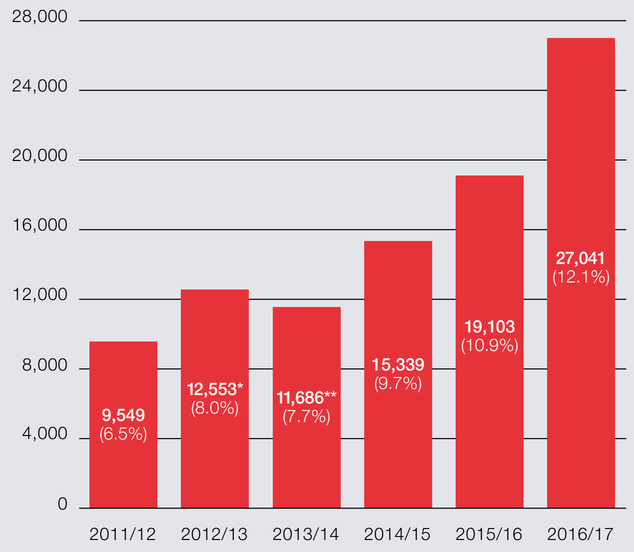
REVENUE DEVELOPMENT (in EUR M)



REVENUE SHARES (in %/EUR M)

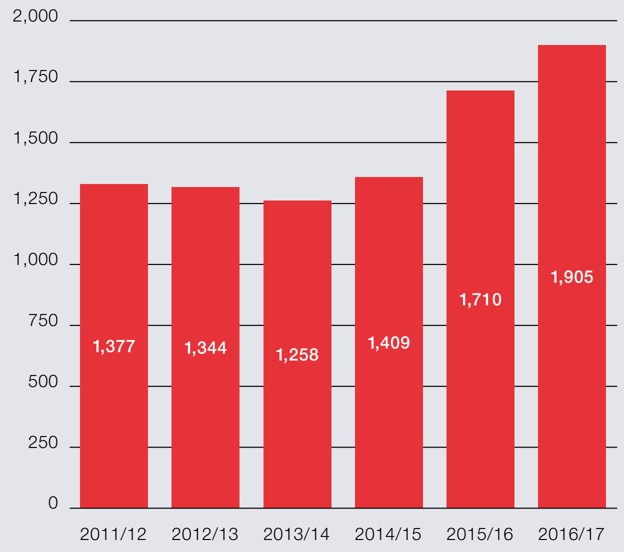


EBITDA (in TEUR) and EBITDA-MARGIN (in %)



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

EMPLOYEE DEVELOPMENT (as at 30,09,)



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Letter to Shareholders

Dear Shareholders,

We look back with much pride at our last fiscal year 2016 / 2017, which we closed with record earnings once again. After a very good performance last year, we have already had an optimistic start to the new year; our declared goal: revenue in excess of EUR 200 m for the first time and earnings before interest, taxes, depreciation and amortisation (EBITDA) of at least EUR 20 m. We had adjusted our forecasts upwards even twice within the last twelve months, but did not dare to hope at that time we would exceed it again in the end. With revenue up 27.6 % to EUR 223.1 m and EBITDA of EUR 27.0 m, which rose 41.6 % and thus disproportionately to revenue we once again confirm the qualitative focus of our growth course and continue the DATAGROUP success story in the sense of the DATAGROUP 2020 strategy. Net income nearly doubled from EUR 5.7 m to EUR 11.2 m.

There are numerous drivers for our current success.

When looking at the market environment and the current trends, the signs are favourable. Today, everyone is affected by digitisation and Industry 4.0 – independent of the industry or company size. We have to rethink, adapt and change, because balking at the evolutionary process of digital transformation will sooner or later lead to a company's disappearance. IT service providers which know how to meet the need for competent advice in design, implementation and operation of ever more complex IT infrastructures are increasingly in demand. This is a unique opportunity for DATAGROUP, which can tick all the boxes thanks to its comprehensive service portfolio and wealth of experience and which attends to the needs at eye level and as a one-stop solution.

Despite these favourable basic conditions, a positive development cannot be taken for granted. DATAGROUP has also undergone an evolutionary process in the decade following the IPO. With strategic acumen and a high level of commitment, we have consistently changed from a former system house with a high proportion of retail sales to a provider of high-quality Cloud and outsourcing services. To the benefit of the customer, who can rely on a one-stop shop, and to ensure the company's sustainable success, which benefits our shareholders.

A strategy that pays off, as is reflected in our sales results. In FY 2016 / 2017 we managed to acquire 18 large new customers in the CORBOX environment and to successfully upsell products to 8 existing customers. With an increase in revenue of 56 % business with high-margin outsourcing contracts grew strongest and allows us to secure future revenues already today thanks to long-term contract terms.

That we are right on target with our offering in response to the market's needs is also confirmed by independent sources. Lünendonk again ranks us among the leading IT service providers in Germany, and we have again faired many times better than the overall market for IT services, which has grown at a rate of some 2.3 % in 2016 / 2017 according to industry association BITKOM. However, the most important and most gratifying indicator at this point is the independent study on IT outsourcing annually conducted by Whitelane Research and Navisco throughout Europe. In the German section of this study, we achieved a second position in customer satisfaction among 27 leading international and national IT outsourcing providers last year – and moved up one position compared to the previous year. With the clear goal of further increasing our customers' level of satisfaction, our efforts have now paid off at the end of fiscal year 2016 / 2017:

DATAGROUP maintained its second position and has moved up one percentage point in overall customer satisfaction compared to the previous year. Our overall customer satisfaction stands at 80 % this year, which means well above the average of 68 %.

This was predominantly due to the consistent and continuing development of DATAGROUP's service portfolio and of CORBOX. Most recently in the sense of a Cloud enabling platform, integrating the offers from Cloud service providers and combining them with DATAGROUP's own Cloud and outsourcing services in a fail-proof way. It can be anticipated that this development will gain relevance, which is why we will strongly focus on this topic in the next fiscal year as well. The company's strategic acquisitions have also been conducive to the continuing development of the service portfolio. In the past fiscal year, DATAGROUP SE acquired HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH and ikb Data GmbH, i.e. number 19 and 20 since the IPO. Both companies are successful providers of high-quality Cloud and outsourcing services, both are profitable and add to DATAGROUP's continuing development of the core business units thanks to their competences, experience and capacities.

To establish the necessary balance sheet conditions for a continuation of the success strategy for many years it was resolved in April 2017 to carry out a 10 % capital increase without subscription right to currently 8.349 m no-par shares. Thanks to a broad placement of 759,000 new shares at institutional investors the company received fresh cash in the amount of about EUR 21 m. The equity ratio increased to 27.9 % at the balance sheet date. At the same time, the higher free float has improved the attractiveness of the DATAGROUP shares, which has already been reflected in a significant increase in the average trading volume. Consequently, DATAGROUP's share price has doubled within twelve months reaching its latest all-time-high at 41.48 in FY 2016 / 2017. Since the IPO in 2006 (issue price EUR 3.20) the share price thus has grown by almost 1,200 %.

We believe we are well on track to achieve our goal of becoming the market leading outsourcer for companies with annual revenue between EUR 100 m and EUR 5,000 m. We must continue to grow in FY 2017 / 2018 and consistently seize the opportunities the market has to offer.

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 to 45 cents per share.

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 now over 1,900 employees, who have made DATAGROUP's success possible also during the last fiscal year.

Max H.-H. Schaber
CEO der DATAGROUP SE

Dirk Peters
COO der DATAGROUP SE

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

Management Board

MAX H.-H. SCHABER

has been member and Chairman of the Management Board of DATAGROUP SE since February 2006 and is responsible for finance, legal affairs, human resources and corporate development.

In 1983, Max H.-H. Schaber established DATAPEC, Gesellschaft für Datenverarbeitung mbH and with it laid the foundation for the later DATAGROUP GmbH. Prior to this, he worked as systems engineer and later as assistant to the management at Friedrich Co. Gesellschaft für Software- und System-Entwicklung mbH. In 1981, he completed his studies in mechanical engineering at the University of Stuttgart and at the polytechnics in Augsburg and Reutlingen as chartered engineer (Diplom-Ingenieur (FH)).

Mr. Schaber is active in a number of boards and is a member of the committee of the International Chamber of Commerce (IHK) Reutlingen.

DIRK PETERS

has been member of the Management Board of DATAGROUP SE as COO since 2008 and is Managing Director of DATAGROUP Hamburg GmbH. In his role as Management Board member, he is responsible for service management.

In 1992, Dirk Peters established HDT Hanseatische Datentechnik, which was incorporated into DATAGROUP AG in 2008 as DATAGROUP Hamburg GmbH. Starting out as a traditional system house, he developed HDT into a high-performance group of companies in IT service management. Prior to self-employment, Mr. Peters worked in management positions at Ashton-Tate Corporation and ALSO ABC. He completed his studies in informatics while working in sales and marketing at HOSS GmbH from 1983.

As a sideline, Mr. Peters is committed to supporting young talents in sailing.

Supervisory Board Report

Dear Shareholders,

In the period under review (01.10.2016 to 30.09.2017) the supervisory board gathered for a total of five meetings (05.12.16, 19.01.17, 22.03.17, 23.06.17, 18.09.17) and held a meeting by telephone on August 15, 2017.

Additionally, the supervisory board has regularly kept itself informed outside of board meetings with written and verbal reports from 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.

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

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 acquisition of HanseCom GmbH in April and ikb Data GmbH in August as well as the takeover of their employees.

In the past year, the supervisory board mainly dealt with the personnel development of senior management. To better exploit DATAGROUP's management potential, an external service provider was engaged for location decision and the definition of a development programme. The measures have been continued in the current fiscal year.

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, 2016 to September 30, 2017, 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."

After thorough examination, the supervisory board has approved and thus adopted the annual financial statements for the year ending September 30, 2017 prepared by the management board in the supervisory board meeting on January 22, 2018, 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, 2017 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 22, 2018, 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 22, 2018

Heinz Hilgert
Chairman of the Supervisory Board

We manage IT

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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. This dynamic change offers major growth opportunities for IT service providers. To exploit them, it is necessary to have a willingness to change and a strong creative drive. And above all, proximity to the customer.

This is exactly what DATAGROUP stands for. Agility has been an integral part of our corporate DNA for over 30 years – and shall remain so. 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.

Alexandra Mülders, Managing Director
DATAGROUP Köln GmbH

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 COBROX 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 best practices of the IT Infrastructure Library, briefly 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 individually combine them with each other – and precisely in the respective quality required.

All CORBOX IT services are "**made in Germany**": This guarantees a 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 system – and we consider it self-evident! For instance, by providing new services in the areas of Cloud computing and SAP.

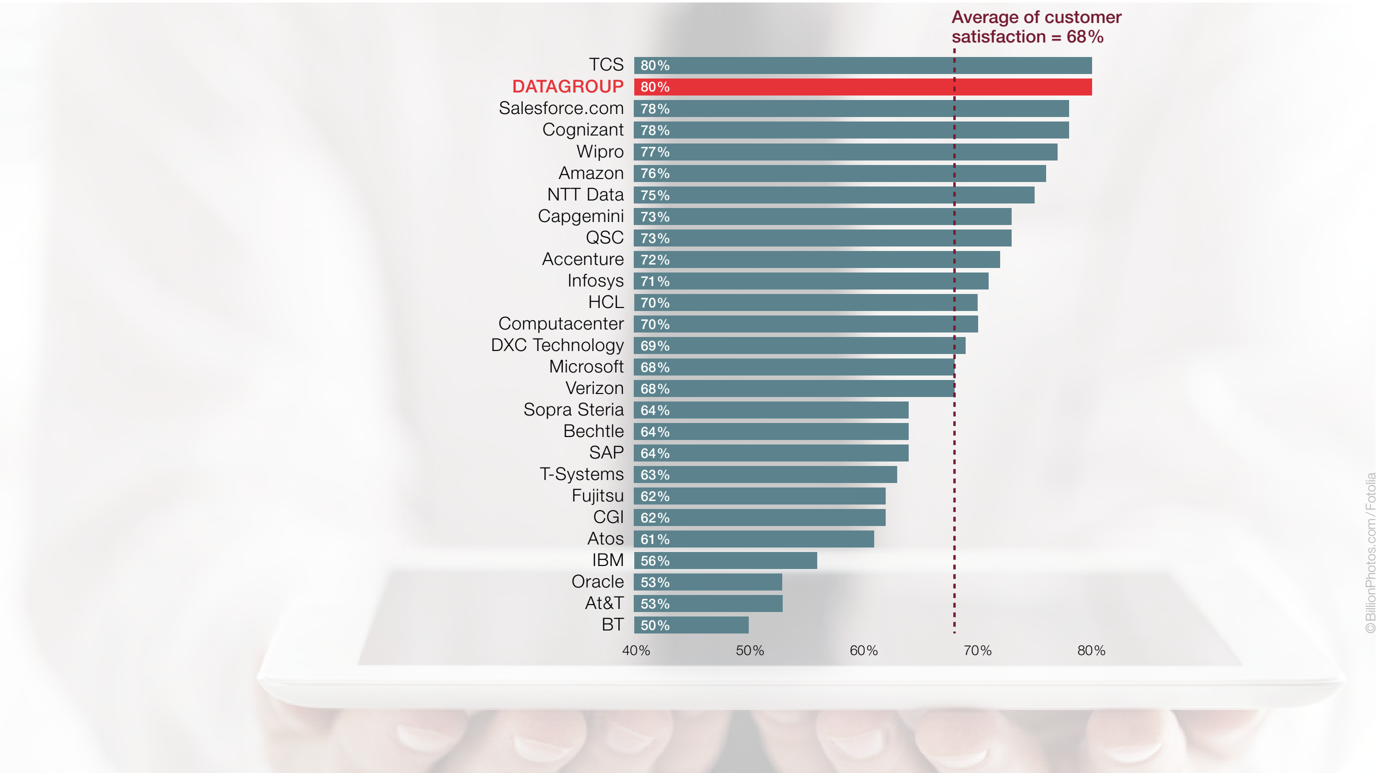
Eva Türk, Managing Director
DATAGROUP Service Desk GmbH

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: some 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.



General customer satisfaction,
Source: 2017 IT Outsourcing Study Germany/Austria, Whitelane Research and Navisco

DATAGROUP scores top marks in customer satisfaction

We are convinced: Only those who are consistently geared to the customers' needs will succeed 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. Our customers appreciate it: We score top marks in customer satisfaction! This is the outcome of the IT Oursourcing Study conducted by Whitelane Research and sourcing advisor Navisco in 2017 as well.

For the German part of the largest independent Europe-wide comparative study on IT outsourcing, 27 international as well as small and medium-sized IT service providers were evaluated by their respective customers. The assessments of 500 outsourcing contracts were incorporated into the study. DATAGROUP achieved a successful second position and thus remained at the top of the ranking.

We were able to achieve another increase in general customer satisfaction compared to the previous year and are well above the median of 68 % with a satisfaction rating of 80 %. In important detail categories such as quality of services rendered, flexibility and proactivity, DATAGROUP achieves a very high overall customer satisfaction. We successfully stood up to our competitors in categories like account management and transformation quality and rank first with 83 % and 78 % respectively.

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 www.whitelane.com and www.navisco.com.

Share of companies relying on Cloud computing
Source: Cloud Monitor 2017, 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 our 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.

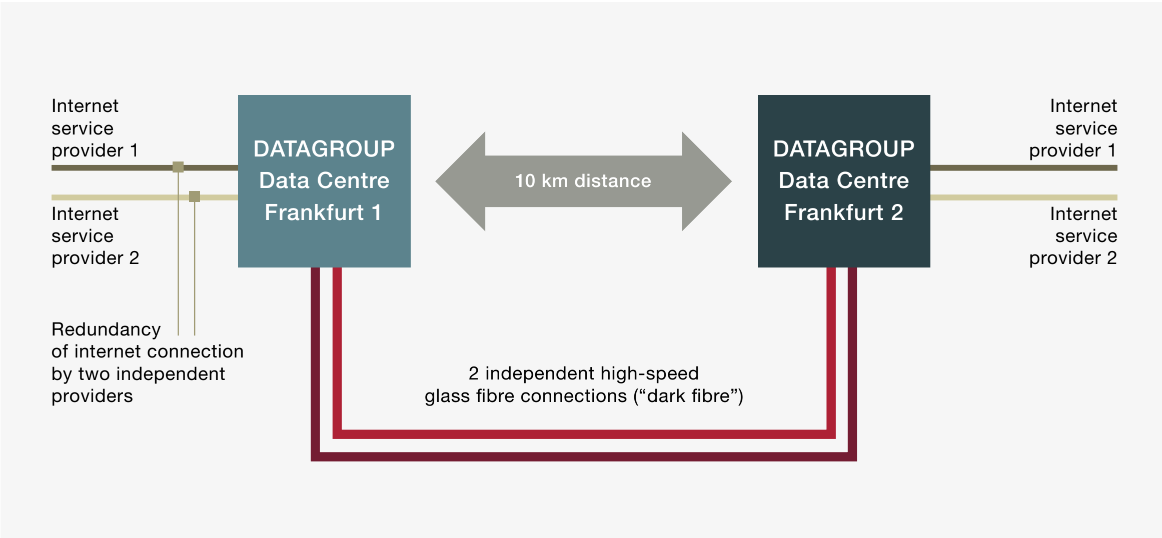
At the same time, Cloud-based IT always fits like a glove. After all, the Cloud-based workstations can be flexibly extended at any time by additional applications from other Cloud providers and from different data centres. IT thus can be adjusted to new requirements without any problems. In a business 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 workstation of the future.

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

To guarantee a maximum level of security, DATAGROUP operates two data centre sites in geo-redundancy in Frankfurt, the most important European internet hub.

This ensures that 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 indeed does work smoothly in case of a catastrophe, extensive and stringent tests are carried out, for instance, catastrophe simulations with a sudden total shutdown of a systems.



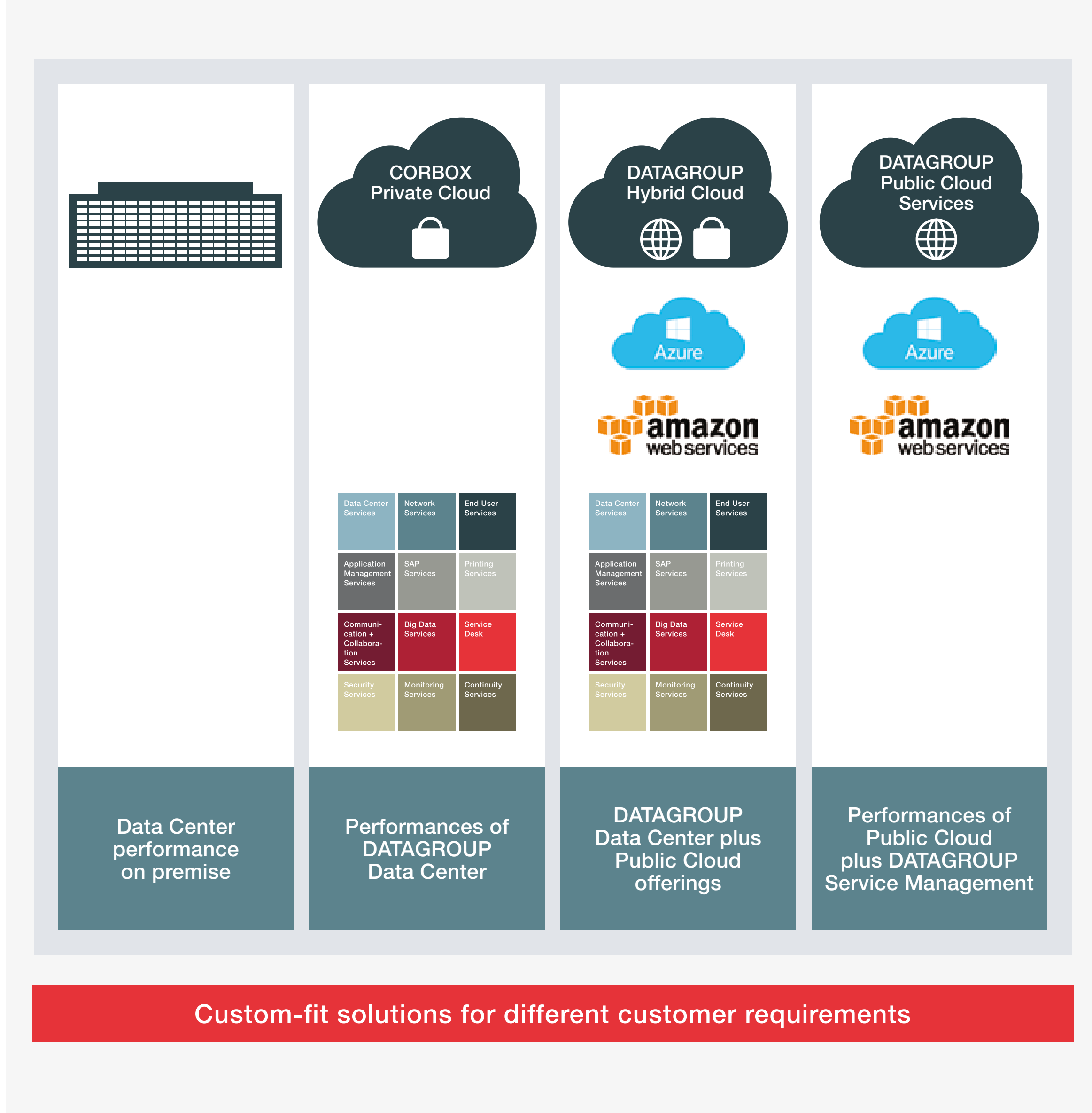
Co-location offers maximum sustainability while costs decrease

The data centres are accommodated at two of the leading co-location providers. Co-location means that we do not build our own building but rent rooms in a state-of-the-art data centre campus. Consequently, we do not have to worry about buildings, climate and electricity but can fully concentrate on the data centres’ 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.

The world is moving towards “hybrid Cloud”

DATAGROUP increasingly views itself as full “digitisation partner” – and therefore must be able to offer solutions for today’s dominant operating scenarios: on premise, private Cloud, and public Cloud.

“Hybrid Cloud” scenarios allow very fast growth – which makes it easier to quickly add capacity “on demand”. Accordingly, we also offer IT coverage outside of Germany, where this is wished for by the customers and is necessary.



We manage the hybrid multi-Cloud scenarios and are the single point of contact for our customer. As such, we are also at his side as a familiar and reliable IT partner and navigator in this ever more complex IT world.

We have excellent “components” for hybrid Clouds

We have very good production partners for hybrid Cloud scenarios – for instance, two of the most important public Cloud providers, Microsoft and Amazon, can be directly found in the co-location data centres used by us.

All applications and data, also those of hybrid Cloud scenarios, are therefore subject to the very strict domestic data protection regulations. This is a major competitive advantage for us – particularly among safety-conscious German SMEs. Additionally, we have our data centres voluntarily certified according to the internationally acknowledged standards of ISO 27001 and our processes according to the ISO 20000 for professional IT service management. This provides our customers with the certainty that their data are 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 services from the Cloud work in a fail-safe way and in line with the agreed performance parameters! Only then does IT become an efficient and reliable means of production for a company's success.

This also requires a maximum level 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.

Cloud enabling with CORBOX and hybrid Cloud scenarios for highly available and high-security Cloud solutions – two examples of how we provide added value to our customers with innovative technologies and processes.

Torsten Langer, Managing Director
DATAGROUP Data Center GmbH

Jörg Pauseback, Managing Director
DATAGROUP Financial IT Services GmbH

Growth spurt driven by acquisition: HanseCom + ikb Data

Agility at DATAGROUP also means: securing new growth opportunities and technology expertise through acquisitions.

The first acquisition of FY 2016/2017 was completed in April 2017 with HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH (HanseCom), a subsidiary of Siemens AG and Hamburger Hochbahn AG.

HanseCom operates IT infrastructures for medium-sized enterprises and advises customers on the further development of their IT. The company offers managed services for all areas of IT operations. HanseCom has special expertise in Cloud and SAP services as well as in application management and thus strengthens DATAGROUP's full-service portfolio CORBOX.

With this acquisition, DATAGROUP strengthens its local presence in Hamburg and Northern Germany. The regional proximity to customers is very important, especially for large SMEs, DATAGROUP's core target group, and is a competitive advantage.

Major outsourcing agreements of HanseCom, which were transferred to DATAGROUP as part of the acquisition, have been significantly extended since the takeover.

The second acquisition in the current fiscal year took place in August 2017 with the takeover of ikb Data GmbH, a specialist for IT outsourcing and data security. Today's DATAGROUP Financial IT Services GmbH is the 20st takeover since the IPO in 2006. DATAGROUP's proven expertise and experience in incorporating companies greatly helped us to stand up to other notable prospective buyers.

With this acquisition, DATAGROUP continues to massively expand its core business with high-quality Cloud services and IT operation services, in particular in the financial sector. In the future, DATAGROUP Financial IT Services GmbH is to bundle and advance DATAGROUP's activities in the banking and financial industry as an internal centre of excellence.

ikb Data was founded in 2004 as a shared service centre of IKB Deutsche Industriebank AG and, as a subsidiary of the financial group, ensures its reliable and secure IT operations. Meanwhile, numerous customers from other industries benefit from the many years of experience in dealing with a bank's sensitive data. ikb Data's special expertise is documented by many relevant certificates, e.g. ISO 20000 and ISO 27001 as well as ISAE 3402.

DATAGROUP intends to continue to grow through acquisitions in the future as well. We are in discussions with many companies willing to sell and are confident that further acquisitions will follow in FY 2017 / 2018.

Group Management Report

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1. Group overview

Organisational and legal structure of the DATAGROUP Group

DATAGROUP SE is the holding company of IT service provider DATAGROUP, which is active throughout Germany. 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 Financial IT Services
- DATAGROUP Hamburg
- DATAGROUP Köln
- DATAGROUP Ludwigsburg
- DATAGROUP Offenburg
- DATAGROUP Operate IT
- DATAGROUP Stuttgart

Segment „Solutions und Consulting“

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

„Service-Fabriken“

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

DATAGROUP Group (as at September 30, 2017)

Since the IPO in 2006, DATAGROUP SE has acquired 20 companies or business units. 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

DATAGROUP has locations throughout Germany.

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 DATAGROUP brand. Newly acquired companies are renamed after a transition period. Most recently HanseCom in DATAGROUP Operate IT GmbH and ikb Data in DATAGROUP Financial IT Services GmbH.

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 and organically to an increasing extent 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 entities comprise the operation and further development of their customers' infrastructure.

DATAGROUP IT-Services focuses 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. At the same time, CORBOX is 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 central contact for all questions and error messages of users – and management as well as on-site 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 provides companies with 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 2000 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. For instance, SAP HANA is a technology platform which will be of vital importance for the digital transformation of companies. With the takeover and successful integration of 306 IT specialists for SAP and Application Management Services on the basis of a divisional takeover from Hewlett Packard Enterprise GmbH (briefly: HPE, today: DXC Technology, briefly: DXC) in 2016 DATAGROUP employs one of the largest SAP HANA teams in the German provider landscape. HANAflex, the company's own system architecture, impressively demonstrates DATAGROUP's competence in this sector. 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, as demonstrated by the SAP Recognized Expertise in the Landscape Transformation category. In software development DATAGROUP also enjoys 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 applications. 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 with annual revenue 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).

Dr. Tobias Hüttner, Chief Information Officer
DATAGROUP SE

Sarah Berger-Niemann, Head of Corporate Communications
DATAGROUP SE

2. Basic conditions

Overall economy

The German economy is amidst a continuous and broad rebound with a solid domestic fundament. Capacities are well utilised, employment rates are increasing and consumer prices are stable. In its autumn outlook, the German federal government expects the price-adjusted gross domestic product to grow by 2.0 % in the current year.

The domestic economy was the major driving force. Growth in the production industry continued on an upward trend, even though it lost momentum in June and July. The business climate in the German economy remains quite confident. Consumer prices have stabilised in view of stable energy prices, consumer spending remains strong, the labour market's underlying trend continues to be positive.

The medium-sized businesses also continue to move full steam ahead. The central indicator of the business climate among SMEs as measured by the KfW ifo Institute was up 2.4 points to 30.7 points in total. This is the fourth time already that the record level has moved upwards. German SMEs take a very positive stance towards both the valuation of the current situation and the business prospects.

Industry

In 2017, the 'Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.' (BITKOM, German Federal Association for Information Technology, Telecommunications and New Media) posted a total revenue of EUR 161 m (+1.3 %) in the fields of information technology, telecommunications and consumer electronics ("ITC").

Once again, information technology is driving the positive development with revenue of EUR 86m and growth of 2.7 %. And also this year, providers of software (+6.3 %) and IT services (+2.3 %) are much in demand. Their business is expected to have grown to a volume of EUR 23 bn and EUR 39 bn, respectively. Conversely, revenue in IT hardware remained stable at EUR 24 bn[1].

The companies of the ITC industry are very optimistic about the current year. Eight out of ten companies (82 %) expect revenues to grow in the second half of the year according to BITKOM. Providers of IT services are particularly optimistic, with 86 % of them expecting an increase. Growth in IT services is significantly driven by the companies' digital transformation. As a basic technology for digitisation, Cloud computing plays a central role here. 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 "2017 BITKOM Cloud Monitor" and auditors KPMG state 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 65 % between 2011 and 2016. Another 18 % of the companies are discussing or planning to use Cloud solutions in the future.

Overall assessment

In the past fiscal year, DATAGROUP again has significantly 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 an even steeper growth path than before 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 today 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 operations 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 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 continuing development of DATAGROUP's factories has consistently accelerated. The employees acquired from HPE in the last fiscal year have been very successfully integrated into the DATAGROUP SAP factory (DATAGROUP Enterprise Services GmbH). Additionally, a virtual centralisation of Service Desk and data centre results in efficiency gains and quality advantages. This optimal combination of local sales locations and central production sites guarantees eye contact and proximity to our customers.

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. Additionally, in a broad independent study conducted by Whitelane Research and Navisco among outsourcing customers DATAGROUP successfully took second place with customer satisfaction having improved yet again compared to the previous year.

[1] BITKOM, EITO October 2017

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

3.1. Results of operations

NET PROFIT, EBT, EBIT, EBITDA

Revenue totalled EUR 223.1 m, EBITDA came in at EUR 27.0 m.

Net profit was up 96.0 % to TEUR 11,199 in the FY 2016 / 2017 after TEUR 5,715 in the previous year. EPS amounted to 141 cents[2] per share, while it was 75 cents in the previous year. The management board of DATAGROUP SE proposes to the Annual General Meeting to distribute a dividend of EUR 0.45 per share.

In FY 2016 / 2017, earnings were positively impacted by the acquisition of HanseCom. The negative difference of TEUR 2,792 between the paid purchase price and the net assets of the acquired company was recognised in the other operating income (more details in "7. Other information" and in the Notes to the Consolidated Financial Statements under "I.3. Scope of consolidation"). In the previous year 2015 / 2016, the transaction with HPE resulted in positive effects of TEUR 2,535.

In FY 2015 / 2016, the result of the DATAGROUP Group also was burdened by a one-time effect of TEUR 1,237, thereof TEUR 558 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 was classified as non-tax deductible with retroactive effect. The management of DATAGROUP SE considers this assessment inappropriate and has appealed against the tax assessment notice.

EBT – earnings before taxes – rose from TEUR 10,091 in FY 2015 / 2016 by 64.5 % to TEUR 16,599 in the current fiscal year.

[2] based on the weighted average number of shares of 7.940m

The **financial result** stood at TEUR -1,991 in the FY 2016 / 2017 after TEUR -2,584 in the previous year. The significant reduction in net expenses is mainly attributable to the aforementioned special effect of the tax audit in the previous year in the amount of TEUR 558. In the current fiscal year, on the other hand, the exact same situation led to a reimbursement of interest payments on taxes of TEUR 374 due to a re-assessment on part of the tax authorities.

The expanded volume of pension provisions and other provisions that are subject to a deduction of accrued interest is a much stronger burden to the financial result. Interest expenses on provisions increased from TEUR 403 in the previous year to TEUR 908 in 2016 / 2017.

Financing expenses for bank loans were up10.6 %; this increase is due to the higher average loan volume after haven taken up another tranche in promissory note loans of TEUR 30,000 in April 2016. Interest income and expenses declined because of a reduction in the loan volume from finance leases. The recalculation of earn-out obligations resulted in expenses of TEUR 49. This is due to the favourable business development of the acquired company.

EBIT – earnings before taxes and financing – improved by 46.7 % yoy and totalled TEUR 18,590 in the period under review compared to TEUR 12,675 in the previous year.

Depreciation and amortisation were up from TEUR 6,428 in the previous year to TEUR 8,451 in FY 2016 / 2017. Amortisation of order backlog and customer portfolios and other assets capitalised as part of the purchase price allocation increased by TEUR 547 to TEUR 3,189. Other depreciation increased by 39.0 % to TEUR 5,262 due to acquisitions and investments in IT infrastructure.

Ralf Heinze, Chairman of the works council at Pliezhausen

No goodwill amortisation was necessary in the FY 2016 / 2017 or in the previous years. The impairment tests carried out did not point to any need for amortisation.

EBITDA – earnings before taxes, financing, depreciation and amortisation – amounted to TEUR 27,041 in FY 2016 / 2017 after TEUR 19,103 in the previous year. This is an increase of 41.6 %. Last year's guidance of "over EUR 20 m" has been significantly exceeded. The EBITDA margin was up from 10.9 % in the previous year to 12.1 % in FY 2016 / 2017.

REVENUES AND ORDERS

Based on the stated growth strategy, which is driven by both acquisitions and operating growth, the DATAGROUP Group has continuously reported significant increases in revenues over the last years: In the fiscal years from 2005 / 2006 to 2016 / 2017, revenues rose by 21.0 % p.a. on average. In FY 2016 / 2017, the Group even recorded an increase of 27.6 % after 11.0 % in FY 2015 / 2016; revenues amounted to TEUR 223,142 after TEUR 174,918 in the previous year. After TEUR 175,405 in the previous year, the Group's overall performance amounted to TEUR 223,769 in FY 2016 / 2076. Last year's guidance of "more than EUR 200 m" was more than fulfilled.

In line with the stipulated targets, the DATAGROUP Group focused on the expansion of the higher-margin Cloud and outsourcing business. The proportion of services improved from 77.7 % in the previous year to 80.9 % in the current fiscal year. The proportion of retail revenues in the overall performance declined to 19.0 % (FY 2015 / 2016: 22.2 %).

The Solutions and Consulting segment generated unconsolidated revenues of TEUR 81,429 (previous year TEUR 79,934). This corresponds to 36.5 % of overall revenues, while the rate was 45.7 % in the previous year. The Services segment generated revenues of TEUR 151,436 (previous year TEUR 101,681, 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 and thus remain unchanged compared to last year.

The business activities of the DATAGROUP Group primarily focus on Germany. The proportion of foreign business totalled TEUR 3,413 or 1.5 % in FY 2016 / 2017 (previous year TEUR 2,789 or 1.6 %).

Andreas Baresel, Managing Director
DATAGROUP Business Solutions GmbH

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. Order intake is largely in line with revenues.

GROSS PROFIT

Gross profit was up 36.1 % yoy to TEUR 159,539. The gross profit margin increased from 66.8 % in FY 2015 / 2016 to 71.3 % in the current fiscal year.

PERSONNEL EXPENSES

Personnel expenses amounted to TEUR 119,851 in the fiscal year after TEUR 85,710 in the previous year. A major part of growth is related to the Services segment (TEUR 32,056) and is due to the takeover of employees from HPE and the acquisition of HanseCom and ikb Data.

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. issue of promissory note loans, take up and extension of bank loans, finance lease and factoring, are subject to constant review and are optimised and adjusted as necessary. The successful 10 % capital increase to currently 8,349 m no-par shares has also laid the foundation for continued growth during FY 2016 / 2017. A broad placement of 759,000 new shares among institutional investors provided cash inflow of some EUR 21.1 m for the company.

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 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. Some EUR 30m of this is attributable to company acquisitions. Additionally, the capital increase also resulted in a higher balance sheet total by just over EUR 20 m.

The equity ratio of the DATAGROUP Group has grown to 27.9 % on September 30, 2017, after 17.8 % on September 30, 2016. When adding the subordinate loans to the equity, the equity ratio amounted to 28.9 %.

As a result of additional compensation and other payments the company has received in connection with the HPE transaction, amongst others, and the acquisition of HanseCom and ikb Data, liquid funds rose to TEUR 53,179 after TEUR 24,424 on September 30, 2016. This was accompanied by a significant increase in net working capital as a difference between current assets and current liabilities, reaching TEUR 52,599 on September 30, 2017 after TEUR 33,557 on September 30, 2016.

Goodwill increased by TEUR 1,107 mainly due to the acquisition of ikb Data, the other intangible assets were up TEUR 6,136, and intangible assets such as brand, order backlog and customer relationships that were capitalised as part of the purchase price allocation increased by TEUR 7,271 due to the acquisitions (inflow), while depreciation of these assets amounted to TEUR 3,189.

The investment activity as a proportion of assets (without goodwill) to the balance sheet total increased to 17.7 % on September 30, 2017, while it stood at 12.3 % on September 30, 2016. In addition to order backlog and customer relations resulting from acquisitions, assets mainly include the DATAGROUP data centres as well as furniture and office equipment of the DATAGROUP entities. In the period under review, some EUR 6m were invested in expanding the CORBOX infrastructure in connection with the acquisition of new customers. Additionally, the company made replacement purchases for furniture and office equipment.

In view of an increasing focus on the service business, inventories play a minor role in the DATAGROUP Group. Nevertheless, inventory turnover (inventory to sales) rose to 1.6 % after 0.8 % on September 30, 2016. This increase is due to rollout projects around the balance sheet date.

Trade receivables were up TEUR 10,692 to TEUR 26,760 at the balance sheet date compared to TEUR 16,068 on September 30, 2016. The average collection period – this is the ratio between trade receivables and revenues multiplied by 365 (days) – increased from 34 days in the previous year to 44 days in the current fiscal year. This increase is due to project business around the balance sheet date as well as the new acquisitions[3].

Financial liabilities increased year-on-year – from TEUR 55,374 on September 30, 2016 to TEUR 63,817 at the balance sheet date. The share of non-current liabilities was TEUR 52,691 on September 30, 2017 after TEUR 51,837 on the same date a year earlier. The increase relates to the instrument for the interest hedge of the pension provisions acquired from HPE that is recognised in financial liabilities[4].

Based on the cash flow from operating activities of TEUR 32,477 generated in the fiscal year and the capital increase of TEUR 21,130 carried out in April 2017, net debt has almost been eliminated: it now amounts to only TEUR 4,124 after TEUR 24,724 on September 30, 2016. Opposing effects stem from the dividend payments as well as investments in intangible assets, property, plant and equipment. 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 level of provisions has hardly changed. After TEUR 46,351 on September 30, 2016, it amounted to TEUR 46,348 on September 30, 2017. The balance sheet item mainly includes provisions for pension liabilities (TEUR 37,593 after TEUR 41,829 on September 30, 2016), for other personnel expenses and restructuring (TEUR 256). The provision from unfavourable contractual relationships relates to excessive lease agreements. The provisions trend is strongly driven by interest effects: The discount rate applied to pension provisions rose from 1.20 % and 1.40 % on September 30, 2016 to between 1.75 % and 2.20 % on September 30, 2017.

[3] Trade receivables of the new acquisitions have been fully capitalised, whereas revenues have only been generated for a few months, respectively only one month for ikb Data.
[4] For details please see Notes to the Consolidated Financial Statements Section III.14. Hedging instrument.

Figures in TEUR	30.09.2017	30.09.2016	30.09.2015	30.09.2014	30.09.2013
ASSETS					
Non-current assets	102,864	92,178	68,062	60,754	66,109
Current assets	110,526	67,568	35,284	34,344	35,590
	213,390	**159,746**	**103,346**	**95,098**	**101,699**
LIABILITIES					
Equity	59,581	28,367	24,051	21,264	22,511
Non-current liabilities	95,881	97,367	39,013	44,056	49,420
Current liabilities	57,928	34,012	40,282	29,778	29,768
	213,390	**159,746**	**103,346**	**95,098**	**101,699**

LIQUIDITY DEVELOPMENT

The solid financial situation of the DATAGROUP Group is primarily due to a significantly positive cash flow from operating activities of TEUR 32,477. Even after deducting one-time special effects as described in the Notes to the Consolidated Financial Statements in section "VI. Notes to the Cashflow Statement, cash flow from operating activities still amounts to TEUR 17,551.

Cash flow thus stands at 14.5 % of the overall performance. In the previous year, cash flow stood at TEUR 9,518 (5.4 % of the overall performance). The debt repayment period defined as the ratio between net debt and cash flow decreased from 2.7 years on September 30, 2016 to 0.1 years at the balance sheet date. The decrease of the debt repayment period results from the increase in operating cash flows and the decrease of net debt to TEUR 4,124 after TEUR 24,724 in the previous year.

Roland Bihler, Managing Director
DATAGROUP Stuttgart GmbH

Hendrik Schultz, Managing Director
DATAGROUP Enterprise Services GmbH

OVERALL STATEMENT

The earnings position of the DATAGROUP Group is on solid footing. This is impressively reflected by the performance indicators: EBITDA amounted to TEUR 27,041 in FY 2016/2017, net profit stood at TEUR 11,199 and revenues totalled TEUR 223,142. Particularly the focus on business with high-margin outsourcing and Cloud services with the CORBOX product line presents additional major opportunities in the future as well.

Cash flow from operating activities continues to be at high levels. Net debt was reduced to TEUR 4,124. The equity ratio was up 27.9 % on the back of the capital increase. Liquid funds amounted to TEUR 53,179. The key figures determined from the balance sheet show an asset position that has improved once again.

4. Stock

DATAGROUP SHARES OUTPERFORMING AGAIN

German shares again were a good choice for investors in FY 2016/17. The most important indices grew on a broad scale. DAX® and MDAX®, the stock indices of the 30 largest domestic companies and the 50 most important second-tier shares generated growth of some 26 % and 27 % respectively. The 50 smaller companies in the SDAX® as well as the 30 companies in the technology index TecDAX® performed even better: Their prices climbed by some 33 % and 45 % respectively. The DATAGROUP shares clearly outperformed all indices. While starting at EUR 19.40 on October 4, 2016 they reached a new all-time-high of EUR 41.48 with their closing price on September 29, 2017. This is an increase of 113 % over 12 months. Since the IPO in September 2006, the shares have increased by a total of almost 1,200 %.

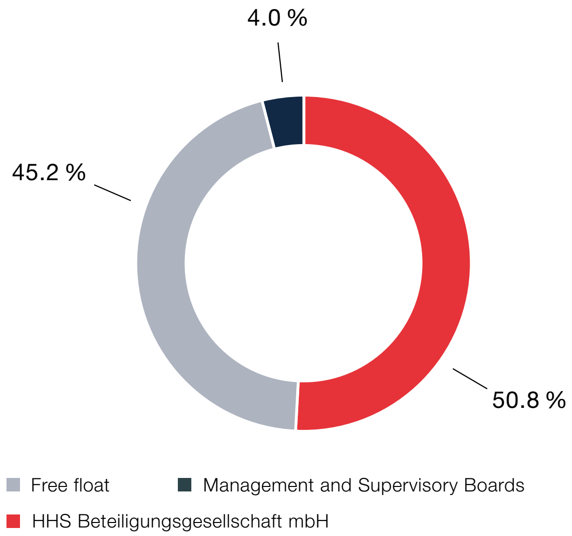
CAPITAL INCREASE PLACED AT A PRICE OF EUR 28.60

When looking at the company's market capitalisation, the performance was even better: At the end of the fiscal year, the enterprise value at the stock exchange totalled EUR 346 m, while it amounted to EUR 147 m twelve months before – this is an increase of 135 %. The reason for the difference between share price and enterprise value was the capital increase made in April 2017 that increased the number of shares by 10 % of the share capital to 8.349 m units. Issuing 759,000 new shares carrying full dividend rights provided cash inflow of EUR 21.1 m for the company. The new shares were placed with national and international institutional investors within one trading day. They were sold at a price of EUR 28.60 per share by way of a simplified exclusion of subscriptions rights and a private placement without prospectus. Accordingly, the subscription price was

Price performance of the DATAGROUP shares and
the DAX from 01.10.2016 to 29.11.2017 (Xetra; source: vwd/EQS)

■ DATAGROUP SE share
■ DAX

4 % below the closing price a day earlier. In view of the strong demand for the shares offered, DATAGROUP SE's majority shareholder, HHS Beteiligungsgesellschaft mbH (HHS), agreed to sell 400,000 of the shares held to interested parties that had not been taken into consideration in the allocation of shares. Consequently, HHS' shareholding decreased from 61.1 % to 50.8 % in connection with the issue of new shares.



Shareholder structure of DATAGROUP SE (as at September 30, 2017)

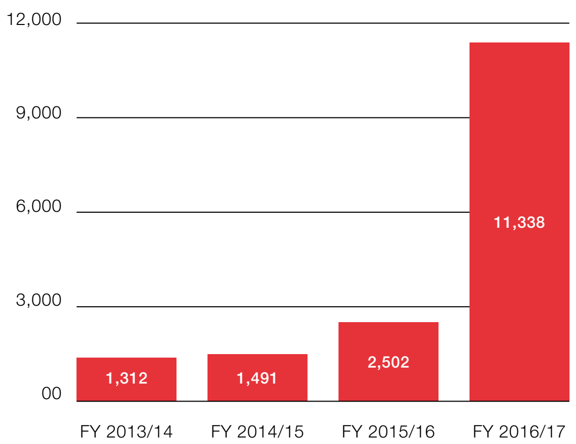
The rationale behind the capital increase was to strengthen the balance sheet structure. The successful takeover of 306 IT specialists from Hewlett-Packard Enterprise in September last year and the issue of promissory note loans led to a higher balance sheet total by 55 % at the end of the last FY 2015/16. Despite the operating business' very good and high-margin development the equity ratio had dropped to 18 % because of this. Thanks to the capital increase the equity ratio rose to over 28 %, clearly exceeding the targeted minimum level of 20 %. Additionally, this has laid the financial foundation for future growth. This was also rewarded by investors, which is why the existing shareholders that were not entitled to benefit did not have to face a negative wealth effect despite the dilution because of the ongoing positive price development.

POSITIVE LIQUIDITY DEVELOPMENT

The placement of new shares and the replacement of shares from the portfolio of HHS have increased the free float to 45 %. At present, the free float is widely distributed between small cap funds, investment managers and private investors. An enlarged free float was in line with a wish for a more liquid trading expressed by many shareholders. The significant increase in the average monthly trading volume from EUR 2.4 m in the previous year by more than four times to EUR 11.3 m shows that this measure did not fail to have the desired effect.

There were quite a number of factors contributing to the sustainable increases in liquidity and share price. Firstly, this is due to the consistent implementation and continuing development of the corporate strategy; both of which is reflected in a constant improvement of key economic figures. The continuation of DATAGROUP's success story, in turn, attracts steadily growing interest from investors. Furthermore, both the increased liquidity and the market capitalisation allow the company to tap into new groups of investors in Germany and abroad.

A constant, transparent and timely communication with capital market participants plays a key role as well. Engaging in more than 100 discussions within one year, the investor relations team and the management of



Average monthly trading volume of the DATAGROUP shares (in TEUR) Source: Deutsche Börse

Olaf Schaefers, Managing Director DATAGROUP Operate IT GmbH

DATAGROUP SE have had more personal investor contacts than ever before. Investors are currently provided with independent financial research on DATAGROUP by four analyst houses: Baader Bank, Hauck & Aufhäuser, Warburg and Edison Research publish reports on a regular basis.

There were meetings with fund managers and analysts on roadshows in London, Frankfurt, Cologne, Paris, Zurich, Copenhagen, Helsinki, Stockholm and Warsaw together with the consortium banks. Additionally, the management presented the company at ten capital market conferences throughout Germany. Private and institutional investors were given answers by management on a conference call held at the balance sheet press conference. The Annual General Meeting on March 22, 2017 at the company's headquarters in Pliezhausen was attended by 205 shareholders.

The move to Deutsche Börse's new segment "Scale", the successor segment of the „Entry Standard" in over-the-counter trading, in March 2017 was another step to improve the company's visibility in the capital market. DATAGROUP had already voluntarily more than fulfilled the segment's extended communication requirements for SMEs. In the medium term, the company aims for a move to the "Prime Standard" – the regulated market's segment with the highest transparency requirements for issuers. To this end, management had obtained approval at the last AGM in the form of an anticipatory resolution to change to the regulated market with securities prospectus requirement in due time.

Helge Viehof, Managing Director
DATAGROUP Consulting Services GmbH

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 standardised half-yearly 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 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 information technology with its new trends and constant technological innovations regularly offers new opportunities. It is the task of Opportunities Management to seize these and eventually take advantage of them, and it lays the foundation for DATAGROUP's sustainable success and growth. Opportunities and risks are closely interlinked 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. 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 66 in FY 2016/2017.

The development of the interest rate level can have an impact on the financing costs in the DATAGROUP Group. To secure the currently favourable interest level DATAGROUP placed promissory note loans with an overall volume of TEUR 30,000 in April 2016, which have a term of up to seven years and fixed interest rates for the most part. Given manageable costs for the interest hedge, the interest-change risk is sufficiently minimised. An increase or reduction in the interest level by 100 basis points would have improved respectively deteriorated the pre-tax profit of the DATATGROUP Group by EUR 108,000 (EUR 30,000 in the previous year).

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 entities, 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. Industry association BITKOM projects the information technology market to grow by 1.3 % in 2017, with Cloud computing being one of the most important technological 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 – which DATAGROUP strategically develops and positions. For this reason, DATAGROUP sees opportunities for growth and a positive business development.

The business operations of the DATAGROUP entities 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 five percent of the DATAGROUP Group's gross profit 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 were not – or not sufficiently – 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 the 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 Data Center GmbH in the data centre in Frankfurt. 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. "IT Service Management", the management system for the comprehensive business process is reviewed once a year according to the international standard ISO 20000. It was first certified in 2012, followed by a re-certification in 2015. The "IT Service Management" process is also subject to annual surveillance audits. Last but not least, there is also a reasonable insurance protection for business interruptions both internal and on the customers' premises.

DATAGROUP SE intends to acquire further companies in the future as well. 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 overpriced, this may adversely impact DATAGROUP's development. Companies qualifing 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 entities of the DATAGROUP Group must 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 2016/2017. From the current standpoint, there is also not 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.

Dr. Sabine Laukemann, Strategic Corporate Affairs
DATAGROUP SE

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 with regulations of the consolidated financial statements. 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.

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 are 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 entities 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 special 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 continue to increase sales and profitability.

Christian Sauter, Management Board Member
DATAGROUP Mobile Solutions AG

6. Outlook

DATAGROUP's general market environment continues to develop positively. At the end of 2017, the German economy has grown for 14 consecutive quarters, and according to the Handelsblatt Research Institute (HRI), this trend is expected to continue in 2018 and even accelerate with an increase of 2.5 %[5] compared to 2017. The ITC market is seen to resume growth according to industry association BITKOM's 2017 autumn outlook. With an increase of 3.4 % the information technology segment recorded the biggest growth and absolute market volume. In relation to others, providers of software (+6.3 %) and IT services (+2.3 %) are very strong in demand with their business expected to grow to a volume of EUR 23 bn and EUR 39 bn, respectively.

The growing demand for IT services is predominantly driven by digital transformation and the unbroken trend towards Cloud computing. Alongside Industry 4.0, these are topics which companies are no longer able to avoid in the current economy. Based on a survey of market research company Lünendonk conducted among IT sourcing consultants and CIOs in Germany in November 2017, companies across all industries are undergoing significant processes of change and transformation. While many companies, as the survey shows, have understood the urgency of a change – more than every second company said it would already pursue a basic Cloud strategy – the remainder of those surveyed still shies away from the challenges and uncertainties of this trend. This results in a strong need for orientation and implementation as is also made evident by the user companies' significantly risen willingness to invest in topics around IT sourcing. In addition to IT departments' realignment towards stronger links to specialist departments, additional expenditures clearly

[5] HRI Economic Forecast Autumn 2017

focus on the need for support in planning and transforming Cloud sourcing projects. To this end, the advisers, or the IT providers directly, are asked to design a company-specific offer for the migration to the Cloud. It can be observed, for instance, that more and more companies transfer parts of their business applications to the Cloud, while certain applications, which often are critical, are kept in their own data centres. Hybrid Cloud scenarios or Multi Cloud, i.e. the interaction of several Cloud solutions, are seen as the architects of the future. In addition, customers ask for a one-stop provider, supporting the company in developing digital business models and accompanying their introduction. This is mainly about experience and innovation, which customers often cannot sufficiently provide in-house when it comes to the development and implementation of digital business models, and therefore have to buy externally ever more frequently.

DATAGROUP is very well positioned with its full-outsourcing offer CORBOX and its consulting and solutions specialists to fulfil the changed requirements and strongly benefit from the growth trends above. DATAGROUP combines a highly-standardised service production at the highest quality level, which is certified according to ISO 20000, with the personal proximity and reliability of a large Mittelstand company. This combination is appreciated particularly by 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.

Growth has also been strongly driven by the two strategic acquisitions made in the last fiscal year. Both companies are very profitable and strengthen the competencies and capacities in the core business segments. The purchase of HanseCom in May of FY 2016/2017 strengthens the Group's clout in important, future-oriented technologies such as Cloud, SAP services and application management. DATAGROUP Financial IT Services GmbH, in turn, which was acquired in August, is an excellent fit to DATAGROUP's service portfolio thanks to the long-standing expertise in the financial services sector and the know-how in handling particularly sensitive data. The business unit is planned to be expanded as a specialised unit for rendering bank-specific IT Services within the Group, and therefore will be an important portfolio expansion in the field of financial IT.

As a confirmation of its performance and direction of impact on the one hand, and potential growth driver on the other hand, DATAGROUP is extremely pleased to have again reached a top position among the German IT service providers in this year's Whitelane survey on the topic of customer satisfaction. Following a third position two years ago and a second position last year, DATAGROUP reached a successful second position with customer satisfaction having improved yet again. The consistent orientation towards customers and the expansion of existing business relations have paid off. In B2B communication, nothing beats a successful word-of-mouth advertising. Therefore, we are sure that this investment will continue to be worthwhile for our future.

In FY 2016/2017, DATAGROUP will also focus on further expanding organic and inorganic high-margin services in the Cloud computing and outsourcing sectors, in line with its growth strategy. The company's 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 retail revenues.

For FY 2017/2018, management expects significantly better revenues and further improved EBITDA.

Stefan Huhn, Managing Director
DATAGROUP Enterprise Services GmbH

7. 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.

8. Other information

EMPLOYEES

In FY 2016/2017, DATAGROUP had 1,776 employees (previous year: 1,404) on average, while the figure stood at 1,790 (previous year 1,630) on September 30, 2017. Including management and apprentices, the headcount totalled 1,905 on September 30, 2017.

DATAGROUP traditionally is very committed to recruit and support junior employees. On September 30, 2017, the company employed a total of 70 apprentices (55 on September 30, 2016), 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 the 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 2016/2017, the following changes were made to the scope of consolidation:

- Acquisition of 100 % of the shares in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH. The company changed its name to DATAGROUP Operative IT GmbH.
- Acquisition of 100 % of the shares in ikb Data GmbH. The acquired company changed its name to DATAGROUP Financial IT Services GmbH. The acquisition was made by Blitz S17-416 GmbH, which was also acquired in the fiscal year and now operates as DATAGROUP Invest 5 GmbH.
- Merger of DATAGROUP Business Services GmbH into DATAGROUP Köln GmbH.
- Establishment of DATAGROUP Automative Services Sp. z o.o., headquartered in Krakow/Poland

Acquisition of shares in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, now DATAGROUP Operate IT GmbH

By a purchase agreement dated April 3, 2017, DATAGROUP SE has acquired 100 % of the shares in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH (HanseCom) from Siemens AG and Hamburger Hochbahn AG. The acquisition took effect on April 30, 2017.

HanseCom operates IT infrastructures for medium-sized enterprises and advises customers on the further development of their IT. The company offers managed services for all areas of IT operations. HanseCom has special expertise in Cloud and SAP services as well as in application management and thus strengthens DATAGROUP's full-service portfolio CORBOX.

By shareholder resolution dated May 26, 2017 HanseCom changed its name to DATAGROUP Operate IT GmbH.

Acquisition of shares in ikb Data GmbH, now DATAGROUP Financial IT Services GmbH by DATAGROUP Invest 5 GmbH, which was newly acquired as well

By a purchase agreement dated August 9, 2017 Blitz S17-416 GmbH was acquired from Blitzstart Holding AG as part of the acquisition of ikb Data GmbH. The transfer date was August 9, 2017. By shareholder resolution dated August 9, 2017, the acquired company changed its name to DATAGROUP Invest 5 GmbH.

By a purchase agreement dated August 15, 2017, DATAGROUP Invest 5 GmbH acquired 100 % of the shares in ikb Data GmbH (ikb Data) from IKB Deutsche Industriebank AG. The acquisition took effect on September 1, 2017.

Jürgen Venhofen, Managing Director
DATAGROUP Financial IT Services GmbH

ikb Data was founded in 2004 as a shared service centre of IKB Deutsche Industriebank AG and, as a subsidiary of the financial group, ensures its reliable and secure IT operations. Meanwhile, numerous customers from other industries, which attach great importance to sensitive and secure handling of their data and their clients' data, benefit from the many years of experience in dealing with a bank's sensitive data. ikb Data's special expertise is documented by many relevant certificates, e.g. ISO 20000 and ISO 27001 as well as ISAE 3402. ikb Data is intended to bundle and promote DATAGROUP's activities in the banking and financial services sector as internal centre of competence going forward.

By shareholder resolution dated September 22, 2017 ikb Data changed its name to DATAGROUP Financial IT Services GmbH.

Merger of DATAGROUP Business Services GmbH into DATAGROUP Köln GmbH

Based on the contract dated May 23, 2017, DATAGROUP Business Services GmbH as the transferring entity was merged into DATAGROUP Köln GmbH as the absorbing entity. The shareholder meetings of DATAGROUP Köln GmbH on May 23, 2017 and of DATAGROUP Business Services GmbH on May 23, 2017 each approved the merger agreement. The effective merger date is October 1, 2016. All employee contracts of the people employed at DATAGROUP Business Services GmbH were transferred to DATAGROUP Köln GmbH as of the merger date according to § 613a BGB (German Civil Code).

This was entered in the Commercial Register on May 31, 2017.

Establishment of DATAGROUP Automotive Services Sp. z o.o.

DATAGROUP Automotive Services Sp. z o.o. was established with a memorandum of association dated May 29, 2017 by DATAGROUP Business Solutions GmbH and DATAGROUP Inshore Services GmbH. The share capital amounts to PLN 5,000; DATAGROUP Business Solutions GmbH holds a share of PLN 4,000 (80 %), DATAGROUP Inshore Services GmbH holds a share of PLN 1,000 (20 %) in DATAGROUP Automotive Services Sp. z o.o.

This was entered in the Polish Commercial Register (Krajowy Rejestr Sadowy) on July 25, 2017 under the KRS number 0000682536.

The company currently does not have own employees yet. However, by developing capacities in qualified and, at the same time, cost-effective Polish IT specialists and developers, DATAGROUP will be able to cover the requirements of our customers from the automotive environment even better going forward.

DEPENDENCY REPORT

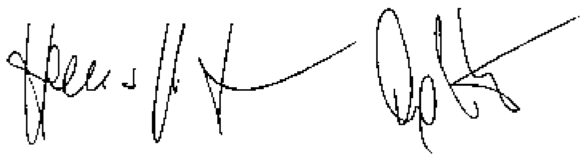
The management board compiled a report about relationships to affiliated companies in accordance with section 312 of the German Companies Act (AktG) for FY 2016 / 2017, which contains the following conclusion:

"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 19, 2018

DATAGROUP SE

Management Board



Hans-Hermann Schaber   Dirk Peters

Consolidated Financial Statements

CONTENTS

Consolidated income statement

Figures in EUR	Notes	01.10.2016 – 30.09.2017	01.10.2015 – 30.09.2016
Revenues	1	**223,141,679.36**	**174,918,139.04**
Other own work capitalised	-	627,384.94	486,946.14
Total revenues		**223,769,064.30**	**175,405,085.18**
Other operating income	2	9,103,388.04	8,416,219.61
Material expenses/ expenses for purchased services	3	64,230,823.90	58,172,295.19
Personnel expenses	4	119,851,226.40	85,709,870.06
Goodwill amortisation	5	0.00	0.00
Depreciation of property, plant and equipment and other intangible assets	5	8,451,096.83	6,427,726.69
Other operating expenses	6	21,749,615.44	20,835,969.21
Operating income		**18,589,689.77**	**12,675,443.64**
Financial income		826,287.98	890,593.62
Financial expenses		2,817,315.91	3,475,032.97
Financial result	7	**-1,991,027.93**	**-2,584,439.35**
Earnings before taxes		**16,598,661.85**	**10,091,004.29**
Taxes on income and profit	8	5,399,667.61	4,375,535.63
Net income		**11,198,994.24**	**5,715,468.66**

Consolidated statement of comprehensive income

Figures in EUR	01.10.2016 – 30.09.2017	01.10.2015 – 30.09.2016
Net income	**11,198,994.24**	**5,715,468.66**
Other earnings before taxes[1]		
Recalculation of defined benefit obligations	1,405,874.53	651,023.64
Income tax effects on other income	**418,922.16**	**156,747.59**
Comprehensive income	**12,185,946.61**	**6,209,744.71**

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

Consolidated balance sheet

Figures in EUR	Notes	30.09.2017	30.09.2016
ASSETS			
Long-term assets			
Goodwill	1	39,630,139.23	38,523,419.65
Other intangible assets	2	15,932,860.04	9,796,635.28
Property, plant and equipment	3	19,250,577.71	7,304,107.42
Long-term financial assets	4	2,645,350.81	2,575,595.87
Claims from reinsurance coverage for pension obligations		5,150,007.60	5,350,256.50
Other long-term assets	5	15,672,469.73	23,939,880.77
Deferred taxes	6	4,582,301.44	4,688,287.15
		102,863,706.56	**92,178,182.64**
Short-term assets			
Inventories	7	3,464,207.60	1,393,196.96
Trade receivables	8	26,759,509.28	16,067,991.82
Short-term financial assets	4	2,401,505.62	2,985,407.07
Construction contracts	9	2,558,761.35	3,050,462.10
Other short-term assets	10	22,163,642.90	19,646,579.63
Cash and cash equivalents	11	53,179,030.87	24,424,218.26
		110,526,657.62	**67,567,855.84**
		213,390,364.18	**159,746,038.48**
LIABILITIES			
Equity	12		
Subscribed capital		8,349,000.00	7,590,000.00
Capital reserves		32,337,372.27	11,796,385.73
Repayment of capital		-98,507.73	-98,507.73
Retained earnings		21,483,100.75	12,555,844.21
Accumulated other comprehensive income		-2,489,585.81	-3,476,538.18
		59,581,379.48	**28,367,184.03**
Long-term liabilities			
Long-term financial liabilities	13	52,690,913.07	51,837,063.55
Pension provisions	15	37,593,187.93	41,828,897.33
Other provisions	15	1,312,031.67	802,667.11
Other long-term liabilities	17	2,368,710.73	18,941.91
Deferred taxes	6	1,915,719.05	2,879,833.45
		95,880,562.45	**97,367,403.35**
Short-term liabilities			
Short-term financial liabilities	13	11,126,248.64	3,537,825.30
Provisions	15	7,442,708.76	3,719,902.80
Trade payables	16	4,454,387.66	2,646,036.61
Surplus of liabilities from construction contracts	9	379,640.42	21,782.02
Income tax liabilities	–	5,043,520.57	1,077,475.40
Other liabilities	17	29,481,916.20	23,008,428.97
		57,928,422.25	**34,011,451.10**
		213,390,364.18	**159,746,038.48**

CONSOLIDATED CASH FLOW STATEMENT CONSOLIDATED FINANCIAL STATEMENTS ■ 53

Consolidated cash flow statement

Figures in EUR	01.10.2016 – 30.09.2017	01.10.2015 – 30.09.2016
Cash flows from operating activities		
Net income for the period	11,198,994.24	5,715,468.66
thereof income tax refund EUR 2,320,867.49 (LFY EUR 133,729.90)		
thereof income tax payment EUR 6,147,728.15 (LFY EUR 10,264,300.06)		
Interest received	-187,675.79	-70,451.22
Interest paid	1,504,018.94	1,195,121.31
Depreciation and amortisation of current assets	0.00	0.00
Depreciation and amortisation of non-current assets	8,451,096.83	6,427,726.69
Changes in pension provisions	-7,722,501.47	-50,179.67
Gains (-) / losses (+) on disposals of non-current assets	2,604.93	-1,855.35
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	754,311.73	-564,427.54
Increase (-) / decrease (+) of inventories, trade receivables and other assets	4,707,457.33	-5,104,538.66
Increase (+) / decrease (-) of trade payables and other liabilities	16,219,028.39	5,673,591.07
Income out of business transaction	-2,791,864.80	-3,694,909.41
Other non-cash transactions	341,433.27	-7,418.88
Cash flow from operating activities	**32,476,903.59**	**9,518,126.99**
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	9,451.14	79,416.72
Cash outflow for investment in property, plant and equipment	-8,542,697.01	-1,828,635.94
Cash inflow from intangible assets	159,803.37	234,752.98
Cash outflow for investments in intangible assets	-1,913,916.34	-1,495,074.11
Cash outflow from repayment of financial assets	-7,835,000.00	-4,195,375.53
Cash inflow from repayment of financial assets	8,684,242.78	5,420,000.00
Cash outflow for investment in fully consolidated companies	-10,499,129.74	-1,821,460.01
Cash outflow from business transaction	0.00	-174,972.21
Interest received	187,675.79	70,451.22
Net cash used in investing activities	**-19,749,570.01**	**-3,710,896.88**

Figures in EUR	01.10.2016 – 30.09.2017	01.10.2015 – 30.09.2016
Cash flow from financing activities		
Cash inflow from increase in capital	21,129,868.90	0.00
Cash outflow for dividend paid	-2,271,737.70	-1,893,114.75
Cash inflow (+) / outflow (-) for finance lease contracts as part of investments in own property, plant and equipment	-1,076,791.49	-1,117,131.95
Cash outflow for the repayment of liabilities to banks	-250,000.00	-9,250,000.00
Cash inflow from receipt of liabilities to banks	0.00	30,000,000.00
Interest paid	-1,504,018.94	-1,195,121.31
Net cash used in financing activities	**16,027,320.77**	**16,544,631.99**
Changes in cash and cash equivalents	**28,754,654.36**	**22,351,862.10**
Cash and cash equivalents at the beginning of the period	24,424,218.26	2,072,356.16
Cash and cash equivalents at the end of the period	**53,178,872.62**	**24,424,218.26**

For further details, please refer to the notes on the consolidated accounts, section VI. Notes to the cash flow statement.

Consolidated statement of changes in equity

01.10.2016 until 30.09.2017

Figures in EUR	Subscribed capital	Capital reserves	Repayment of earnings	Retained earnings	Accumulated other comprehensive income: Changes without effects on net income	Accumulated other comprehensive income: Result from actuarial gains and losses	Accumulated other comprehensive income: Sum	Total
Balance at the beginning 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**
Capital increase	759,000.00	20,540,986.54	0.00	0.00	0.00	0.00	0.00	21,299,986.54
Dividend distribution	0.00	0.00	0.00	-2,271,737.70	0.00	0.00	0.00	-2,271,737.70
Consolidated profit	0.00	0.00	0.00	11,198,994.24	0.00	0.00	0.00	11,198,994.24
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	986,952.37	986,952.37	986,952.37
Balance at the end of the fiscal year	**8,349,000.00**	**32,337,372.27**	**-98,507.73**	**21,483,100.75**	**-1,625,377.21**	**-864,208.60**	**-2,489,585.81**	**59,581,379.48**

01.10.2015 until 30.09.2016

Figures in EUR	Subscribed capital	Capital reserves	Repayment-of earnings	Retained earnings	Accumulated other comprehensive income: Changes without effects on net income	Accumulated other comprehensive income: Result from actuarial gains and losses	Accumulated other comprehensive income: 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 for the year	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**

Development of fixed assets

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

01.10.2016 until 30.09.2017

	Acquisition and production costs					Accumulated depreciation and amortisation						
Figures in EUR	As at 01.10.2016	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2017	As at 01.10.2016	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2017	As at 30.09.2017	As at 30.09.2016
Goodwill	**38,523,419.65**	**0.00**	**1,106,719.58**	**0.00**	**39,630,139.23**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**39,630,139.23**	**38,523,419.65**
Other intangible assets												
1. Brands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Order backlog	1,205,000.00	0.00	3,992,000.00	0.00	5,197,000.00	1,205,000.00	192,417.00	0.00	0.00	1,397,417.00	3,799,583.00	0.00
3. Customer bases	18,475,400.00	0.00	3,279,000.00	0.00	21,754,400.00	12,904,939.00	2,163,481.00	0.00	0.00	15,068,420.00	6,685,980.00	5,570,461.00
4. Internally developed intangible assets												
Software	2,504,875.38	511,925.22	0.00	0.00	3,016,800.60	1,008,334.44	360,569.66	0.00	0.00	1,368,904.10	1,647,896.50	1,496,540.94
5. Acquired intangible assets												
Software etc.	12,001,374.92	1,401,991.12	10,451,661.44	1,449,822.57	22,405,204.91	9,271,741.58	1,670,957.82	8,951,324.17	1,288,219.20	18,605,804.37	3,799,400.54	2,729,633.34
	34,186,650.30	**1,913,916.34**	**17,722,661.44**	**1,449,822.57**	**52,373,405.51**	**24,390,015.02**	**4,387,425.48**	**8,951,324.17**	**1,288,219.20**	**36,440,545.47**	**15,932,860.04**	**9,796,635.28**
Property, plant and equipment												
1. Technical equipment and machinery	60,196.27	0.00	0.00	0.00	60,196.27	41,830.27	5,362.00	0.00	0.00	47,192.27	13,004.00	18,366.00
2. Other equipment, furniture and office equipment	23,016,201.43	9,120,013.39	31,994,546.73	1,109,669.68	63,021,091.87	15,730,460.01	4,058,309.35	25,107,422.41	1,099,413.61	43,796,778.16	19,224,313.71	7,285,741.42
3. Prepayments	0.00	13,260.00	0.00	0.00	13,260.00	0.00	0.00	0.00	0.00	0.00	13,260.00	0.00
	23,076,397.70	**9,133,273.39**	**31,994,546.73**	**1,109,669.68**	**63,094,548.14**	**15,772,290.28**	**4,063,671.35**	**25,107,422.41**	**1,099,413.61**	**43,843,970.43**	**19,250,577.71**	**7,304,107.42**
Long-term financial assets												
1. Investments	523,922.41	0.00	0.00	0.00	523,922.41	0.00	0.00	0.00	0.00	0.00	523,922.41	523,922.41
2. Receivables from lessees	2,042,323.46	3,011,176.38	0.00	2,941,421.44	2,112,078.40	0.00	0.00	0.00	0.00	0.00	2,112,078.40	2,042,323.46
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
	2,575,629.75	**3,011,176.38**	**0.00**	**2,941,421.44**	**2,645,384.69**	**33.88**	**0.00**	**0.00**	**0.00**	**33.88**	**2,645,350.81**	**2,575,595.87**
	98,362,097.39	**14,058,366.11**	**50,823,927.75**	**5,500,913.69**	**157,743,477.56**	**40,162,339.18**	**8,451,096.83**	**34,058,746.58**	**2,387,632.81**	**80,284,549.78**	**77,458,927.78**	**58,199,758.21**

01.10.2015 until 30.09.2016

	Acquisition and production costs					Accumulated depreciation and amortisation						
Figures in EUR	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 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
3. Prepayments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	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**

Notes to the Consolidated Financial Statements

CONTENTS

I. Basic principles of the consolidated financial statements

1. General information

DATAGROUP SE 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.

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, 2017 were 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 § 315a para. 1 HGB ("Handelsgesetzbuch", German Commercial Code) have been considered for the preparation of the consolidated financial statements. 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.

Michael Heide, Managing Director
DATAGROUP Hamburg GmbH

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 2016/2017:

New or amended standards		Contents	First-time application	EU-endorsed	Major impact on the Group
IAS 1	Amendment	Disclosure Initiative (Amendments to IAS 1): Clarification on materiality and adjustability in the structure of financial statements	FY 2016/2017	yes	none
IAS 16, IAS 38	Amendment	Clarification of acceptable methods of depreciation and amortisation (restriction of revenue-based amortisation methods)	FY 2016/2017	yes	none
IAS 27	Amendment	Equity method in separate financial statement	FY 2016/2017	yes	none
IFRS 10, IFRS 12, IAS 28	Amendment	Investment entities: Change in consolidation exception	FY 2016/2017	yes	none
IFRS 11	Amendment	Accounting for acquisitions of interests in joint operations	FY 2016/2017	yes	none
IFRS 5, IFRS 7, IAS 19, IAS 34	Amendment	Annual Improvement Project 2012 - 2014	FY 2016/2017	yes	none

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

The 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	EU-endorsed	Major impact on the Group
IAS 12	Amendment	Recognition of deferred tax assets for unrealised losses	FY 2017 / 2018	yes	none
IAS 7	Amendment	Disclosure initiative: additional disclosures for financial liabilities arising from financing activities	FY 2017 / 2018	yes	none
IFRS 9	New	Financial Instruments: revision and replacement of all existing standards – classification and measurement of financial assets	FY 2018 / 2019	yes	see below
IFRS 15	New	Revenue from contracts with customers	FY 2018 / 2019	yes	see below
IFRS 2	Amendment	Classification and measurement of share-based payment transactions (clarifications)	presumably FY 2018 / 2019	open	none
IFRS 1, IFRS 12, IAS 28	Amendment	Annual Improvement Project 2014 - 2016	presumably FY 2018 / 2019	open	none
IAS 21	Amendment	Determination of exchange rates for advance payments in a foreign currency	FY 2018 / 2019	open	none
IAS 40	Amendment	Transfers of investment property	FY 2018 / 2019	open	none
IFRS 16	New	Leases	FY 2019 / 2020	yes	see below
IFRS 3, IFRS 11, IFRS 12, IFRS 23	Amendment	Annual Improvement Project 2015 - 2017	FY 2019 / 2020	no	none
IFRIC 23	New	Clarifying interpretation on accounting for in income taxes	FY 2019 / 2020	open	none
IAS 28	Amendment	Clarifying that IFRS 9 is to be applied in certain cases on long-term interests in associates and joint ventures and thus priority over the regulations of IAS 28	FY 2019/2020	open	none
IFRS 9	Change	Change of financcial assets with so-called symmetric termination rights and clarification on modification of financial liabilities not leading to derecognition	FY 2019/2020	open	none
IAS 12	Amendment	Accounting for uncertainties in income taxes	open	open	none
IFRS 10, IAS 28	Amendment	Sale or contribution of assets between an investor and an associate or joint venture	open	suspended	none

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.

Ursula Cerny, Transformation & Integration
DATAGROUP SE

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.

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.

As for project orders not yet concluded, which have been recognised by reference to the stage of completion according to IAS 11 so far, it will now depend on whether DATAGROUP creates a customised asset with an alternative use and has an enforceable right to payment for performance completed to date in cases where a customer cancels the contract for own reasons for which DATAGROUP was not responsible. In cases where these requirements for construction contracts, which have been recognised according to IAS 11 so far, do not exist, revenue can only be recognised in the period in which it is completed. On September 30, 2017, DATAGROUP booked contraction contracts in the amount of TEUR 2,559 (previous year: TEUR 3,050), which generally have a project term of at least two years. As it can be assumed that the situation described above is an exception, the effect of a possible period deferment resulting from this kind of project business is considered to be low.

Other new or clarified aspects of IFRS 15, such as changed rules for the treatment of contract costs and of financing components, do not have any major impact according to the current assessment which is not fully completed yet.

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. On the basis of the minimum lease payments for existing real-estate, car and other rental contracts determined on September 30, 2017 (cf. section VIII.8), the adoption of IFRS 16 would result in an increase in the balance sheet total by some EUR 25 m without consideration for discount effects. The equity ratio is expected to decrease to c. 25 % instead of the present 27.9 %, while EBITDA would significantly grow.

IFRS 9 “Financial Instruments” was issued on July 24, 2014 and has to be initially adopted by DATAGROUP in FY 2018/2019. A permitted early adoption is not intended. In comparison to IAS 39 „Financial Instruments: Recognition and Measurement“ the requirements of IFRS 9 on the scope of application and the recognition and derecognition of financial instruments has remained largely unchanged. However, the standard provides for a new classification model for financial assets. The subsequent measurement will depend on three categories. This categorisation depends on the contractual cash flows of the instrument and the business model, in which the instrument is held. The existing regulations for financial assets were largely adopted. The new impairment model stipulates three stages, which will determine the scope of recognised losses and interests. The regulations on hedge accounting were reviewed as well. A detailed analysis on the impact of the application of IFRS 9 has yet to be carried out.

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, 19 other domestic subsidiaries and one foreign subsidiary have been included by full consolidation:

No.	Name and location of the company	Stake in %
1	DATAGROUP SE, 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 Operate IT GmbH, Hamburg	100.0
8	DATAGROUP Invest 3 GmbH, Pliezhausen	100.0
9	DATAGROUP Köln GmbH, Köln	100.0
10	DATAGROUP IT Solutions GmbH, Pliezhausen	100.0
11	DATAGROUP Consulting GmbH, Pliezhausen	100.0
12	DATAGROUP Consulting Services GmbH, Mainz	100.0
13	DATAGROUP Business Solutions GmbH, Siegburg	100.0
14	DATAGROUP Inshore Services GmbH, Rostock	100.0
15	DATAGROUP Automotive Services Sp. z o.o., Krakow/Polen	100.0
16	DATAGROUP Mobile Solutions AG, Stuttgart	100.0
17	DATAGROUP Invest 5 GmbH, Pliezhausen	100.0
18	DATAGROUP Financial IT Services GmbH, Düsseldorf	100.0
19	DATAGROUP Service Desk GmbH, Pliezhausen	100.0
20	DATAGROUP Data Center GmbH, Frankfurt am Main	100.0
21	DATAGROUP Enterprise Services GmbH, Siegburg	100.0

The company InDemand Printing Solutions GmbH i.I., Cologne has not been included in the consolidated financial statements because of ongoing insolvency proceedings. This company was 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 2016/2017, the following changes were made to the scope of consolidation:

- Acquisition of 100 % of the shares in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH. The company changed its name to DATAGROUP Operative IT GmbH.
- Acquisition of 100 % of the shares in IKB Data GmbH. The acquired company changed its name to DATAGROUP Financial IT Services GmbH. The acquisition was made by Blitz S17-416 GmbH, which was also acquired in the fiscal year and now operates as DATAGROUP Invest 5 GmbH.
- Merger of DATAGROUP Business Services GmbH into DATAGROUP Köln GmbH.
- Establishment of DATAGROUP Automotive Services Sp. z o.o., headquartered in Krakow/Poland

Sebastian Hein, Head of Sales
DATAGROUP Hamburg GmbH

Acquisition of shares in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, now DATAGROUP Operate IT GmbH

By a purchase agreement dated April 3, 2017, DATAGROUP SE has acquired 100 % of the shares in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH (HanseCom) from Siemens AG and Hamburger Hochbahn AG. The acquisition took effect on April 30, 2017.

HanseCom operates IT infrastructures for medium-sized enterprises and advises customers on the further development of their IT. The company offers managed services for all areas of IT operations. HanseCom has special expertise in Cloud and SAP services as well as in application management and thus strengthens DATAGROUP's full-service portfolio CORBOX.

By shareholder resolution dated May 26, 2017 HanseCom changed its name to DATAGROUP Operate IT GmbH.

Acquired asset and liabilities

The fair values of the identifiable assets and liabilities of HanseCom at the time of the acquisition were as follows:

Figures in EUR	Book values	Fair value on acquisition
Assets		
Intangible assets	578,106.09	3,149,106.09
Property, plant and equipment	1,091,919.33	1,091,919.33
Inventories	32,800.71	32,800.71
Trade receivables	2,221,863.67	2,221,863.67
Construction contracts	1,209.06	1,209.06
Other assets	856,746.41	856,746.41
Cash	1,383,050.33	1,383,050.33
Deferred tax liabilities	192,751.03	0.00
	6,358,446.63	**8,736,695.60**
Liabilities		
Provisions	686,882.32	686,882.32
Trade payables	398,309.11	398,309.11
Other liabilities	2,918,199.10	2,918,199.10
Deferred taxese	0.00	612,743.27
	4,003,390.53	**4,616,133.80**
Total amount of identifiable net assets	**2,355,056.10**	**4,120,561.80**

The fair value of trade receivables amounts to EUR 2,221,863.67 EUR. The nominal value of the receivables is 2,231,458.17 EUR. Value adjustments of EUR 9,594.50 had to be made on the gross approach.

Consideration

According to the purchase agreement, the price was determined on the basis of the effective date balance sheet on April 30, 2017 as a difference of certain assets (called "cash") and certain liabilities (called "liabilities"). A basic amount of EUR 500,000.00 was added. Overall, the company paid an amount of EUR 1,328,697.00. A contingent consideration (earn out) beyond this amount was not agreed.

Negative difference

The total identifiable net assets amount to EUR 4,120,561.80. As the consideration rendered by DATAGROUP SE amounts to EUR 1,328,697.00, there is a negative difference of EUR 2,791,864.80. Following a renewed revision of the fair values of the assets, liabilities 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	1,328,697.00
Total amount of identifiable net assets	4,120,561.80
Negative difference	**-2,791,864.80**

Analysis of the cash outflow based on the acquisition

The transaction resulted in the following cash flows until September 30, 2017:

Figures in EUR	
Purchase price cash component	-1,328,697.00
Transaction costs of company acquisition	-124,571.85
Cash acquired in connection with the subsidiary	1,383,050.33
Total	**-70,218.52**

Impact on revenues and earnings before taxes

In the period just ended, HanseCom contributed an unconsolidated amount of EUR 7,530,616.51 to revenues and EUR 985,670.12 to consolidated earnings (before taxes). The negative difference of EUR 2,791,864.80 is added and recognised under “other operating income”. If the merger had taken place at the beginning of the fiscal year, revenue from continuing operations would have amounted to some EUR 17,000,000.

Acquisition of shares in ikb Data GmbH, now DATAGROUP Financial IT Services GmbH by DATAGROUP Invest 5 GmbH, which was newly acquired as well

By a purchase agreement dated August 9, 2017 Blitz S17-416 GmbH was acquired from Blitzstart Holding AG as part of the acquisition of ikb Data GmbH. The transfer date was August 9, 2017. By shareholder resolution dated August 9, 2017, the acquired company changed its name to DATAGROUP Invest 5 GmbH.

As part of the acquisition DATAGROUP acquired assets (cash at bank) in the amount of EUR 23,930.00. The purchase price was EUR 27,000.00, goodwill of EUR 3,070.00 is assigned to the “Others / Holding” segment. Under consideration of transaction costs of EUR 356.90 the purchase of Blitz S17-416 GmbH resulted in a cash outflow of EUR 3,426.90:

Figures in EUR	
Purchase price	-27,000.00
Transaction costs of the company acquisition	-356.90
Cash acquired in connection with the subsidiary	23,930.00
Total	**-3,426.90**

As the company incurred incidental acquisition costs, among others, in connection with the acquisition of ikb Data GmbH, which have to be accounted for as expenses according to IFRS regulations, DATAGROUP Invest 5 GmbH contributed EUR -129,949.51 to consolidated earnings (before taxes).

By a purchase agreement dated August 15, 2017, DATAGROUP Invest 5 GmbH acquired 100 % of the shares in ikb Data GmbH (ikb Data) from IKB Deutsche Industriebank AG. The acquisition took effect on September 1, 2017.

ikb Data was founded in 2004 as a shared service centre of IKB Deutsche Industriebank AG and, as a subsidiary of the financial group, ensures its reliable and secure IT. Meanwhile, numerous customers from other industries, which attach great importance to sensitive and secure handling of their data and their clients’ data, benefit from the many years of experience in dealing with a bank’s sensitive data. ikb Data’s special expertise is documented by many relevant certificates, e.g. ISO 20000 and ISO 27001 as well as ISAE 3402. ikb Data is intended to bundle and promote DATAGROUP’s activities in the banking and financial services sector as internal centre of competence going forward.

Sandra Kiemes, Member of the Executive Board DATAGROUP Financial IT Services

By a shareholder resolution dated September 22, 2017 ikb Data changed its name to DATAGROUP Financial IT Services GmbH.

Acquired assets and liabilities

The fair values of the identifiable assets and liabilities of ikb Data at the time of the acquisition were as follows:

Figures in EUR	Book values	Fair value on acquisition
Assets		
Intangible assets	922,231.18	5,622,231.18
Property, plant and equipment	5,795,204.99	5,795,204.99
Inventories	8,292.75	8,292.75
Trade receivables	3,451,622.55	3,451,622.55
Other assets	3,941,223.00	3,941,223.00
Cash	5,844,322.61	5,844,322.61
Deferred tax liabilities	1,980,431.21	507,921.21
	21,943,328.29	**25,170,818.29**
Liabilities		
Pension provisions	4,892,666.60	4,892,666.60
Other provisions	527,253.48	527,253.48
Trade payables	1,866,914.37	1,866,914.37
Income taxes payable	444,203.00	444,203.00
Other liabilities	2,788,857.03	2,788,857.03
	10,519,894.48	**10,519,894.48**
Total amount of identifiable net assets	**11,423,433.81**	**14,650,923.81**

The fair value of trade receivables amounts to EUR 3,451,622.55. The fair value is in line with receivables, no adjustments have been made.

Consideration

According to the purchase agreement, the purchase price was set at EUR 16,000,000.00. Additionally, it was agreed that the buyer is entitled to the profit generated between April 1, 2017 and the transfer date on August 31, 2017 and which is determined in accordance with the regulations of commercial law (Germany Commercial Code). A transfer balance sheet was drawn up and assessed to determine the profit. As a control and profit transfer agreement had existed until August 31, 2017 between ikb Data as subsidiary company and IKB Deutsche Industriebank AG as parent company, the accrued profit of EUR 245,426.61 EUR has to be paid to the seller. However, the payment can only be executed when the profit transfer agreement is no longer valid. For this reason, the payment is treated as a distribution of profits for tax reasons; withholding tax and solidarity surcharges must be paid to the tax office. According to the purchase agreement, the seller assigns the claim from the profit transfer agreement with ikb Data in a net amount of EUR 180,695.34 (after taxes) to DATAGROUP Invest 5 GmbH. Additionally, the purchase price is reduced by the taxes paid in the amount of EUR 64,731.27 according to the agreement:

Figures in EUR

Purchase price	
Basic amount	16,000,000.00
Adjustment of purchase price by profit of EUR 245,426.61 accrued at ikb Data GmbH, which was determined between 01.04.2017 and 31.08.2017 in accordance with the regulations of commercial law (German Commercial Code) and which has to be paid to the seller, ikb Deutsche Industriekreditbank AG, as part of the control and profit transfer agreement:	
Purchase price reduced by withholding tax / solidarity surcharge paid by target company ikb Data GmbH	-64,731.27
Existence of a claim towards target company ikb Data GmbH by transferring the net claim arising from the profit payment from the seller to the buyer (after deduction of withholding tax / soliarity surcharge which yet has to be paid)	-180,695.34
Total	**15,754,573.39**

A contingent consideration (earn out) beyond this amount was not agreed.

Goodwill

The goodwill of EUR 1,103,649.58 comprises the value of synergies expected from the acquisition. It is fully assigned to the “Services” segment:

Figures in EUR

Consideration	15,754,573.39
Total amount of identifiable net income	14,650,923.81
Total	**1,103,649.58**

Analysis of the cash outflow based on the acquisition

The transaction resulted in the following cash flows until September 30, 2017:

Figures in EUR

Basic amount	-16,000,000.00
Transaction costs of the company acquisition	-101,138.19
Cash acquired in connection with the subsidiary	5,844,322.61
Total	**-10,256,815.58**

Impact on revenues and earnings before taxes

In the period just ended, ikb Data contributed an amount of EUR 2,214,701.88 to revenues and EUR 290,697.88 to consolidated earnings (before taxes). If the merger had taken place at the beginning of the fiscal year, revenues from continuing operations would have amounted to EUR 27,500,000.

Merger of DATAGROUP Business Services GmbH into DATAGROUP Köln GmbH

Based on the contract dated May 23, 2017, DATAGROUP Business Services GmbH as the transferring entity was merged into DATAGROUP Köln GmbH as the absorbing entity. The shareholder meetings of DATAGROUP Köln GmbH on May 23, 2017 and of DATAGROUP Business Services GmbH on May 23, 2017 each approved the merger agreement. The effective merger date is October 1, 2016. All employee contracts of the people employed at DATAGROUP Business Services GmbH were transferred to DATAGROUP Köln GmbH as of the merger date according to § 613a BGB (German Civil Code).

This was entered in the Commercial Register on May 31, 2017.

Karl-Heinz Augustin, Managing Director
DATAGROUP Offenburg GmbH

Establishment of DATAGROUP Automotive Services Sp. z o.o.
DATAGROUP Automotive Services Sp. z o.o. was established with a memorandum of association dated May 29, 2017 by DATAGROUP Business Solutions GmbH and DATAGROUP Inshore Services GmbH. The share capital amounts to PLN 5,000; DATAGROUP Business Solutions GmbH holds a share of PLN 4,000 (80 %), DATAGROUP Inshore Services GmbH holds a share of PLN 1,000 (20 %) in DATAGROUP Automotive Services Sp. z o.o.

This was entered in the Polish Commercial Register (Krajowy Rejestr Sadowy) on July 25, 2017 under the KRS number 0000682536.

The company currently does not have own employees yet. However, by developing capacities in qualified and, at the same time, cost-effective Polish IT specialists and developers, DATAGROUP will be able to cover the requirements of our customers from the automotive environment even better going forward.

Gaby Dimter, Regional Manager
DATAGROUP Consulting GmbH

4. Accounting and measurement methods

CONSOLIDATION PRINCIPLES

As a basic principle, the balance sheet date of the fully consolidated subsidiaries is the balance sheet date of the consolidated financial statements. Only one interim financial statement for a newly acquired had to be prepared as per September 30, 2017. All other 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. 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 agreements 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, 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 10,773,175.00 (previous year EUR 6,691,021.00), goodwill stood at EUR 39,630,139.23 on September 30, 2017 (previous year EUR 38,523,419.65). There were no earn-out obligations as per September 30, 2017 (previous year EUR 346,000.00).

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 2,558,761.35 (previous year EUR 3,050,462.10), with a debit balance of EUR 379,640.42 (previous year EUR 21,782.02).

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 377,067.83 (previous year EUR 253,371.75) 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 47,391,315.96 (previous year EUR 46,351,467.24) assumptions and estimates had to be made by the management on the magnitude and likelihood of occurrence of an outflow of resources.

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.

Dieter Braun, Managing Director
DATAGROUP Ludwigsburg GmbH

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 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.

Katharina Grebenstein, Expert Sales & Business Development
DATAGROUP Stuttgart GmbH

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 purposes 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 assigned. 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	30.09.2017	30.09.2016	30.09.2015	30.09.2014	30.09.2013
Services segment	17,428,917.87	16,325,268.29	16,325,268.29	16,325,268.29	16,325,268.29
Solutions und Consulting segment	22,192,268.03	22,192,268.03	22,192,268.03	18,459,247.17	18,459,247.17
Others (Holding)	8,953.33	5,883.33	5,883.33	8,828.75	8,828.75
Goodwill	**39,630,139.23**	**38,523,419.65**	**38,523,419.65**	**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 5.27 % (2016: 4.95 %) 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.

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 lifes 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.

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.

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

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 15 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 made in the previous years 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.

Martin Voelker, Managing Director
DATAGROUP Consulting Services GmbH

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. As well as the initial amount of revenues agreed in the contract, payments for change requests are also considered when determining the overall revenues.

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

Additionally, the category “derivative financial instrument” (hedging instrument) was added. In this connection, we refer to section III. 14. Hedging instrument.

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. Risks are covered by impairment losses, which are recognised and reversed affecting net income. The latter mainly applies 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 (ineffective part), changes in fair value are recognised in the income statement.

The derivative components, which are not embedded in a derivative host contract, are recognised separately unless the following preconditions are fulfilled:

- It is a derivative in the sense of the IFRS regulations.
- Their economic features and risks are closely associated with the host contract.
- The entire contract has not been measured at fair value through profit or loss.

Recognition of hedging relationships

Individual hedging instruments (e.g. embedded derivatives) are designated at fair value through profit or loss (fair value hedges). At the beginning of hedge accounting the hedging relationship between underlying transaction and hedge is documented. Furthermore, it is regularly documented - both when the hedging relationship is entered into and on an ongoing basis - whether the hedging instrument designated in the hedging relationship is highly effective with regard to the compensation of fair value changes of the host business according to the hedged risk.

In general, the DATAGROUP Group does not sign any derivative financial instruments and hedging, but has deviated from this policy in one particular case. Please find additional details as well as the statements on the fair values of the derivatives used for hedging purposes in section III.14.

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 based on 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.

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 can be met.

II. Notes to the consolidated income statement

1. Revenue

Revenue is divided as follows:

Figures in EUR	2016/2017	2015/2016
Service and maintenance	180,630,823.98	135,907,157.89
Trade	42,297,065.62	38,820,586.09
Others	213,789.76	190,395.06
Revenue	**223,141,679.36**	**174,918,139.04**

Foreign business only plays a minor role for the DATAGROUP Group; 98.5 % (previous year 98.4 %) of revenue was generated in Germany.

The share of services in revenue continued to grow to 80.9 % after 77.7 % a year earlier. The “Solutions and Consulting” segment generated 36.5 % of revenue (after 45.7 % 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	2016/2017	2015/2016
Income from offsetting remuneration in kind	1,680,010.60	1,581,484.82
Income from reversal of provisions and liabilities	690,468.99	441,758.80
Income from revaluation of assets and liabilities	110,634.24	82,583.19
Rental income	167,163.54	145,417.43
Income from insurance compensation	56,505.28	59,362.38
Income from acquisition of business operations	2,791,864.80	5,736,895.82
Decrease accrual item Upfront-Payment from HPE-transaction	1,091,778.00	90,782.00
Refunding restructuring costs	1,632,608.00	0.00
Others	882,354.59	277,935.17
Other operating income	**9,103,388.04**	**8,416,219.61**

As part of the HanseCom acquisition it was agreed that under certain conditions restructuring expenses may be forwarded to the seller up to a pre-defined total volume. Income from reimbursement of restructuring expenses of EUR 1,632,608.00 is offset by personnel expenses of the same amount resulting from a provision for restructuring.

3. Material expenses / expenses for purchased services

Material expenses are composed as follows:

Figures in EUR	2016/2017	2015/2016
Material expenses	36,161,488.92	33,176,295.77
Expenses for purchased services	28,069,334.98	24,995,999.42
Material expenses / expenses for purchased services	**64,230,823.90**	**58,172,295.19**

4. Personnel expenses

Personnel expenses are composed as follows:

Figures in EUR	2016/2017	2015/2016
Wages and salaries	102,638,712.60	73,403,137.34
Social contributions	15,879,593.34	12,016,864.17
Expenses for pensions and other other benefits	1,332,920.46	289,868.55
Personnel expenses	**119,851,226.40**	**85,709,870.06**

5. Depreciation and amortisation

Depreciation and amortisation refer to the following assets:

Figures in EUR	2016/2017	2015/2016
On intangible assets		
internally developed	360,569.66	288,619.86
purchased	4,026,855.82	3,316,330.00
On property, plant and equipment	4,063,671.35	2,822,776.83
Depreciation and amortisation	**8,451,096.83**	**6,427,726.69**

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 3,188,846.00 in the fiscal year after EUR 2,641,545.00 in the previous year.

6. Other operating expenses

Other operating expenses are as follows:

Figures in EUR	2016/2017	2015/2016
Travel and vehicle expenses	5,134,670.33	5,202,737.56
Occupancy costs	4,609,679.78	4,208,662.32
Ancillary personnel expenses	3,310,800.89	2,302,341.17
Administration expenses	3,566,552.92	3,135,804.19
Advertising expenses	1,617,118.02	1,424,089.46
Legal and advisory costs	1,508,461.76	3,485,948.89
Insurance and other contributions, fees and bank charges	933,969.02	744,831.32
Others	1,068,362.72	331,554.30
Other operating expenses	**21,749,615.44**	**20,835,969.21**

Daniel Mayr, Service Manager
DATAGROUP Köln GmbH

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 8. Other information – Research and development activities. No directly attributable expenses recognised as expense were incurred in the fiscal year.

The “Others” position mainly includes expenses from an increase of reserves for warranties, bad debts and sales tax.

7. Financial result

The financial result is as follows:

Figures in EUR	2016/2017	2015/2016
Financial income		
Investment income	117,316.65	64,803.30
Interest income from		
finance lease	115,291.50	135,504.05
Others	569,919.25	690,014.77
Other financial income	23,760.58	271.50
	826,287.98	**890,593.62**
Financial expenses		
Bank loans	1,181,233.89	1,068,460.22
Finance lease	197,858.84	243,632.58
Effective interest method	908,168.37	403,227.81
Factoring	334,890.83	329,227.54
Revaluation earn-out obligations	48,735.68	222,295.48
Others	146,428.30	1,208,189.34
	2,817,315.91	**3,475,032.97**
Financial result	**-1,991,027.93**	**-2,584,439.35**

In the previous year, the other financial expenses included interest expenses from taxes of EUR 1,108,650.30 and the other financial income included interest income from taxes of EUR 551,007.30, both of which were due to the outcome of an audit. The same circumstances resulted in interest income of EUR 373,681.56 in the fiscal year on the basis of the available tax assessment notices – recognised under other interest income.

Financial expenses for bank loans grew by just over 10 percent. Finance Leases have slightly declined, the factoring volume is stable.

8. Income taxes

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

Figures in EUR	2016/2017	2015/2016
Actual taxes	6,781,540.52	5,694,621.75
Deferred taxes		
from different times of valuation	-2,283,342.91	924,406.88
from losses carried forward	901,470.00	-2,243,493.00
	-1,381,872.91	**-1,319,086.12**
Income taxes	**5,399,667.61**	**4,375,535.63**

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 995,465.51 (previous year EUR 829,692.73). They result in a decrease of the tax burden.

The DATAGROUP entities 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 32.275 % (previous year between 28.075 % and 32.450 %). The Group-wide tax rate was derived from the average and stands at 31.6 % (previous year 31.4 %). 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	2016/2017	2015/2016
Earning before taxes	**16,598,661.85**	**10,091,004.29**
Group tax rate: 31.60 % (LFY 31.40 %)		
Expected tax expenses	**5,245,177.14**	**3,168,575.35**
Tax expenses and income of earlier years	189,014.01	2,538,604.38
Non-deductible operating expenses as well as trade tax additions and reductions	294,631.60	519,415.74
Non-recognised deferred taxes on permanent differences	-822,927.54	-37,746.00
Tax rate change for deferred taxes	-3,645.18	14,508.91
Differences to local tax rates	104,236.72	-2,515.46
Impact from the revaluation of tax losses carried forward	393,180.86	-1,825,307.29
Actual tax expense	**5,399,667.61**	**4,375,535.63**

Actual tax rate: 32.53 % (LFY 43.36 %)
(corresponds to the relations between actual tax expenses and earnings before taxes)

In FY 2016/2017, the actual tax rate is 32.53 %. The deviations between the actual and the expected calculated tax rates observed in the last years are generally 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 previous year's tax rate would have amounted to 34.7 %.

Michael Freuwörth, Head of Sales
DATAGROUP Köln GmbH

III. Notes to the consolidated financial statements

1. Goodwill

Goodwill has changed in the ficsal year as follows:

Figures in EUR	2016/2017	2015/2016
Services		
Opening balance	16,325,268.29	16,325,268.29
Additions	1,103,649.58	0.00
	17,428,917.87	**16,325,268.29**
Solutions and Consulting	**22,192,268.03**	**22,192,268.03**
Others (Holding)		
Opening balance	5,883.33	5,883.33
Additions	3,070.00	0.00
	8,953.33	**5,883.33**
Goodwill	**39,630,139.23**	**38,523,419.65**

2. Other intangible assets

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

Figures in EUR	30.09.2017	30.09.2016
Order backlog/customer bases	10,485,563.00	5,570,461.00
Internally developed intangible assets		
Software	1,647,896.50	1,496,540.94
Purchased intangible assets	3,799,400.54	2,729,633.34
Other intangible assets	**15,932,860.04**	**9,796,635.28**

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 are generally 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 8. 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	30.09.2017	30.09.2016
Technical equipment	13,004.00	18,366.00
Furniture and office equipment	19,224,313.71	7,285,741.42
Advance payments charged	13,260.00	0.00
PPE	**19,250,577.71**	**7,304,107.42**

Property, plant and equipment include assets of EUR 2,395,802.00 (previous year EUR 2,910,145.31) 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	30.09.2017 Remaining term up to 1 year	30.09.2017 Remaining term 1 to 5 years	30.09.2017 Remaining term over 5 years	30.09.2017 Total
Investments	0.00	0.00	523,922.41	523,922.41
Receivables from shareholder	0.00	0.00	0.00	0.00
Securities	105,739.00	0.00	0.00	105,739.00
Receivables from finance lease	2,295,766.62	2,112,078.40	0.00	4,407,845.02
Other loans	0.00	0.00	9,350.00	9,350.00
Financial assets	**2,401,505.62**	**2,112,078.40**	**533,272.41**	**5,046,856.43**

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**

5. Other non-current assets

Figures in EUR	30.09.2017	30.09.2016
Receivables from tax authorities	163,988.10	49,474.64
Deposits	564,607.44	22,237.23
Others	14,943,874.19	23,868,168.90
Other non-current assets	**15,672,469.73**	**23,939,880.77**

The position "Others" mainly refers to Hewlett-Packard GmbH and results from the transaction carried out in the previous fiscal year. It is the interest-bearing long-term component of the compensation from the takeover of pension obligations in the amount of EUR 14,824,298.00 (previous year EUR 23,773,819.00).

6. Deferred taxes

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

Figures in EUR	30.09.2017	30.09.2016
Deferred tax assets on		
Losses carried forward	2,902,195.00	3,803,665.00
Property, plant and equipment	146,964.03	0.00
Inventories	8,989.23	0.00
Construction contracts	232,757.49	0.00
Other assets	87,317.58	257,160.56
Provisions	12,361,600.20	13,250,490.11
Financial liabilities	4,197,601.09	1,312,197.82
	19,937,424.62	**18,623,513.49**
Balancing	-15,355,123.18	-13,935,226.34
Deferred tax assets	**4,582,301.44**	**4,688,287.15**

Figures in EUR	30.09.2017	30.09.2016
Deferred tax liabilities on		
Other intangible assets	3,867,548.83	2,540,977.40
Property, plant and equipment	0.00	57,347.05
Financial assets	1,230,500.50	1,099,699.62
Construction contracts	0.00	368,968.05
Other liabilities	12,172,792.90	12,748,067.67
	17,270,842.23	**16,815,059.79**
Balancing	-15,355,123.18	-13,935,226.34
Deferred tax liabilities	**1,915,719.05**	**2,879,833.45**

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 104,810.33 was recorded with a resulting decrease in equity (previous year EUR 156,747.59 with an decrease 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	30.09.2017	30.09.2016
Work in progress	62,601.21	185,095.00
Finished goods and merchandise, gross	3,364,051.89	1,193,251.96
Prepayments	37,554.50	14,850.00
Inventories	**3,464,207.60**	**1,393,196.96**

The item “Finished goods and merchandise” mainly comprises hardware and software. Of the inventories, a total of EUR 316,684.19 (previous year EUR 320,253.08) was pledged as collateral for loan liabilities to banks. The respective credit facility has not been utilised on September 30, 2017.

8. Trade receivables

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

Figures in EUR	30.09.2017	30.09.2016
Trade receivables gross	27,136,577.11	16,321,363.57
Valuation allowance	-377,067.83	-253,371.75
Trade receivables	**26,759,509.28**	**16,067,991.82**

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

	2016/2017	2016/2017	2016/2017
Figures in EUR	Specific valuation allowance	General valuation allowance	Total
Opening balance	**108,971.75**	**144,400.00**	**253,371.75**
Additions through changes in the scope of consolidation	407.04	9,187.46	9,594.50
Consumption	3,007.04	11,100.00	14,107.04
Additions	1,396.08	126,812.54	128,208.62
Closing balance	**107,767.83**	**269,300.00**	**377,067.83**

With the exception of retention of title - 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 30, 2017, the DATAGROUP Group held receivables in the amount of EUR 1,668,205.51, which were overdue but not impaired. Of these receivables EUR 65,999.05 were overdue more than 30 days, EUR 50,177.74 more than 60 days and EUR 34,292.23 more than 90 days.

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	30.09.2017	30.09.2016
Construction contracts, gross	4,189,555.15	3,761,188.15
Prepayments received	2,010,434.22	732,508.07
Construction contracts, net	**2,179,120.93**	**3,028,680.08**
Excess of assets	**2,558,761.35**	**3,050,462.10**
Excess of liabilities	**379,640.42**	**21,782.02**
Construction contracts, net	**2,179,120.93**	**3,028,680.08**

The construction contracts include order costs of EUR 3,347,753.14 (previous year EUR 2,525,868.64). Recognised gains amount to EUR 841,802.01 (previous year EUR 1,235,319.51).

Order revenues totalled EUR 10,673,673.06 (previous year EUR 10,310,498.34) in the fiscal year.

10. Other current assets

Other assets shown under current assets are composed as follows:

Figures in EUR	30.09.2017	30.09.2016
Receivables from affiliated companies	4,377.36	33,430.08
Receivables from companies in which participating interests are held	381,329.00	343,677.40
Receivables from tax authorities	4,336,725.72	3,464,146.07
Receivables from factoring	3,137,491.58	2,707,947.77
Others	14,303,719.23	13,097,378.31
Other current assets	**22,163,642.89**	**19,646,579.63**

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 of EUR 6,008,105.83 (previous year EUR 5,943,455.00).

11. Cash and cash equivalents

Cash and cash equivalents only include bank deposits and cash:

Figures in EUR	30.09.2017	30.09.2016
Bank deposits	53,164,337.17	24,409,298.17
Cash on hand	14,693.70	14,920.09
Cash and cash equivalents	**53,179,030.87**	**24,424,218.26**

12. Equity

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

SUBSCRIBED CAPITAL

The subscribed capital of the fiscal year has developed as follows:

Figures in EUR	2016/2017	2015/2016
As at 01.10.	**7,590,000.00**	**7,590,000.00**
capital increase through issuance of capital stock	759,000.00	0.00
As at 30.09.	**8,349,000.00**	**7,590,000.00**

The company's share capital amounts to EUR 8,349,000.00 and is distributed in 8,349,000 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 was 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 by 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). The management board made use of this authorisation with a resolution from April 5, 2017 and increased the share capital by EUR 759,000.00.

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).

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.

CAPITAL RESERVE

The capital reserve has developed as follows in the current fiscal year:

Figures in EUR	2016/2017	2015/2016
As at 01.10.	**11,796,385.73**	**11,796,385.73**
capital increase through issuance of capital stock	20,540,986.54	0.00
As at 30.09.	**32,337,372.27**	**11,796,385.73**

RETAINED EARNINGS

At the Annual General Meeting on March 22, 2017 it was resolved to distribute a dividend or EUR 0.30 per no-par share entitled to dividend for FY 2015/2016. The amount paid for 7,572,459 no-par shares totalled EUR 2,271,737.70.

For FY 2016/2017, the management board proposes to distribute a dividend of EUR 0.45 per no-par share entitled to dividend.

EARNINGS PER SHARE

In the year under review, the company generated earnings per share of 141 cents. The previous year's value stood at 75 cents per share.

The calculation for earnings per share is based on the average weighted number of ordinary shares outstanding during the period under review. Prior to the 10 % capital increase carried out on April 6, 2017, this related to 7,590,000, afterwards 8,349,000 units. The calculation is as follows:

Date	No. of days	No. of shares
30.09.2016		
06.04.2017	188	7,590
30.09.2017	177	8,349
	365	
average value		7,958
thereof treasury shares		18
		7,940

In the previous year, the calculation for earnings per share was based on 7,272,000. When taking a basis of 7,940,000 shares, earnings per share would have amounted to 72 cents.

ACCUMULATED OTHER COMPREHENSIVE INCOME

Beyond the consolidated net income of EUR 11,198,994.24 (previous year EUR 5,715,468.66) generated in the fiscal year, other comprehensive income of EUR 986,952.37 (previous year EUR 494,276.05) was achieved. Other comprehensive income relates to actuarial gains from the valuation of pension provisions of EUR 1,405,874.53, which are reduced by deferred taxes on this item in the amount of EUR 418,922.16.

There were no other effects related to the accumulated other comprehensive income in FY 2016 / 2017.

In summary, the development of the accumulated other comprehensive income in FY 2016 / 2017 compared to FY 2015 / 2016 is as follows:

Figures in EUR	2016 / 2017	2015 / 2016
As at 01.10.	**-3,476,538.18**	**-3,970,814.23**
Other result	986.952.37	494,276.05
As at 30.09.	**-2,489,585.81**	**-3,476,538.18**

REPAYMENT OF CAPITAL / TREASURY SHARES

The company was authorised by the Annual General Meeting on March 22, 2017 to acquire treasury shares which in aggregate account for the lower of 10 % of the share capital existing at the time of the adoption of the resolution on March 22, 2017, or up to 10 % of 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 §§ 71 et seq. of the German Stock Corporation Act may not at any time total more than 10 % of the existing share capital. This authorisation is valid until March 21, 2022.

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 shares or nominally EUR 17,541.00. This corresponds to 0.21% 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, 2017 and on September 30, 2016:

Figures in EUR	30.09.2017 Remaining term up to 1 year	30.09.2017 Remaining term 1 to 5 years	30.09.2017 Remaining term over 5 years	30.09.2017 Total
Liabilities to financial institutions	7,873,811.89	31,111,046.40	9,000,000.00	47,984,858.29
Liabilities from finance lease	3,252,436.75	3,601,261.03	0.00	6,853,697.77
Liabilities for the earn-out from the acquisition of subsidiaries	0.00	0.00	0.00	0.00
Instrument from hedging of pension liabilities with equalisation receivables	0.00	8,978,605.64	0.00	8,978,605.64
Financial liabilities	**11,126,248.64**	**43,690,913.07**	**9,000,000.00**	**63,817,161.70**

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
Instrument from hedging of pension liabilities with equalisation receivables	0.00	0.00	0.00	0.00
Financial liabilities	**3,537,825.30**	**42,794,167.56**	**9,042,895.99**	**55,374,888.85**

The earn-out obligations incurred with the acquisition of the Excelsis Group (now DATAGROUP Mobile Solutions AG) were finally determined and settled as per December 31, 2016. Based on the company's improved actual and plan data for the quarter from October 1 to December 31, 2016, the financial liability set aside was not sufficient. This led to expenses for the revaluation of the earn-out obligation of EUR 48,735.68.

14. Hedging instrument

In the previous year, DATAGROUP Enterprise Services GmbH acquired part of the business operations from Hewlett-Packard GmbH (briefly HPE, now DXC Technology) on September 1, 2016. As part of this contract, the company took over pension obligations which were valued with EUR 50,793,008.00 in total on September 1, 2016. These assets are backed by trust assets in the amount of EUR 21,085,249.36, which were transferred to the trustee appointed by DATAGROUP. The difference of EUR 29,707,758.64 EUR was recognised as cash settlement claim, which has a term until August 31, 2020. A derivative is embedded in the cash settlement claim in the form of an interest rate future. The value of the interest rate future is determined by the underlying interest rate at the respective valuation date.

The discount interest rate acts as a reference for the pension obligation portfolio determined on September 1, 2016, as stipulated in the contract. The interest rate is aligned to the interest rates for the IFRS valuation of pension obligations with a duration of 16 years.

Based on the contractual conditions, the derivative can significantly modify the cash flows from the host contract. The economic features and risks of the two components of the hybrid financial instrument are not closely related. As such, host contract and derivative must be recognised separately, as the company does not exercise the fair value option.

DATAGROUP has designated the derivative as hedging instrument on October 1, 2016 to offset that part of the change in value of the pension obligation which results from changes of the discount rate (fair value hedge).

According to the regulations of IAS 39 and by determining a company-specific approach in the sense of IAS 8.10, part of the pension obligations transferred to DATAGROUP on the acquisition of a part of the business operations were designated as host of the hedging relationship. Only the interest-driven change in value of the pension obligation is designated as host, to hedge the existing individual risk of the financial debt.

Changes in value of the hedging instrument and the host of a fair value hedge are basically recognised through profit and loss. As this would disrupt the principle of changes in value recognised directly in equity here, the accounting rules of the host are applied to the hedging instrument. As well as the ineffective part of the changes in the fair value, changes in value related to the hedged risk are accounted for in the other comprehensive income.

The purpose of the hedging instrument is to offset interest-driven adjustments of pension provisions from the pension obligations acquired on September 1, 2016. The derivative has a term until August 31, 2020. The development of the pension provision from an offer or from other inventory changes is explicitly not hedged. Based on the chosen contractual structure, the hedging instrument is calculated at an actuarial interest resulting from an assumed remaining term of the pension obligation (duration) of 16 years, which was 1,18 % on September 30, 2016. The value of the instrument was EUR 0.00 as per September 30, 2016. A duration of more than 20 years has to be assumed for the determination of the pension provision; the respective actuarial interest was 1.40 % on September 30, 2016.

The underlying interest rates and the values of the hedging instrument and the respective host can be found in the table below:

Date	**Actuarial interest rate**		**Specific interest-driven change of the underlying provision**	**Value derivative hedging instrument**	**Ineffective part**
	Host business	Hedging instrument	(- = surplus-of assets)	(- = liability-item)	
Figures in EUR			**I**	**II**	**III = I - II**
01.10.2016	1.40 %	1.18 %	0.00	0.00	0.00
30.09.2017	2.20 %	1.90 %	-9,091,850.00	-8,978,606.00	113,244.00

15. Non-current and current provisions

Provisions are composed as follows:

Figures in EUR	**30.09.2017 Short-term**	**30.09.2017 Long-term**	**30.09.2017 Total**	**30.09.2016 Total**
Provisions for pensions	**0.00**	**37,593,187.93**	**37,593,187.93**	**41,828,897.33**
Other provisions				
from unfavourable contractual relationships	81,900.00	173,900.00	255,800.00	336,100.00
for restructuring	2,139,183.80	0.00	2,139,183.80	186,967.81
for other personnel costs	569,852.00	986,271.04	1,556,123.04	1,595,283.79
for warranties	165,100.00	0.00	165,100.00	146,035.90
for other obligations	4,486,672.96	151,860.63	4,638,533.59	2,258,182.41
Provisions	**7,442,708.76**	**38,905,219.60**	**46,347,928.36**	**46,351,467.24**

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 in the fiscal year developed as follows:

Figures in EUR	01.10.2016 As at	2016/2017 Changes in the scope of consolidation	2016/2017 Consumption	2016/2017 Reversal	2016/2017 Allocation of interest	2016/2017 Allocation	30.09.2017 As at
Provisions for Pensions	**41,828,897.33**	**4,892,666.60**	**532,671.09**	**10,584,728.04**	**855,378.21**	**1,133,644.92**	**37,593,187.93**
Other provisions							
for unfavourable contracts	336,100.00	0.00	80,300.00	0.00	0.00	0.00	255,800.00
for restructuring	186,967.81	0.00	116,975.26	0.00	0.00	2,069,191.25	2,139,183.80
for other personnel costs	1,595,283.79	677,324.32	1,109,418.34	343,728.07	488.58	736,172.76	1,556,123.04
for warranties	146,035.90	0.00	90,435.90	0.00	0.00	109,500.00	165,100.00
for other obligations	2,258,182.41	200,903.48	2,039,653.61	130,425.45	0.00	4,349,526.76	4,638,533.59
Provisions	**46,351,467.24**	**5,770,894.40**	**3,969,454.20**	**11,058,881.56**	**855,866.79**	**8,398,035.69**	**46,347,928.36**

PENSION PROVISIONS

Provisions for pensions are set up to cover defined benefit commitments made to individual – partially former – employees of DATAGROUP Enterprise Services GmbH, DATAGROUP Business Solutions GmbH, DATAGROUP Financial IT Services GmbH and DATAGROUP Stuttgart GmbH.

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, DATAGROUP Financial IT Services GmbH and of DATAGROUP Business Solutions GmbH are partially covered by reinsurance policies.

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

Defined contribution obligations mainly exist in connection with the statutory pension obligation. In FY 2016/2017, employer contributions to statutory pension insurance amounted to EUR 7,500,000.00 (previous year c. EUR 5,700,000.00) 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 § 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 schemes, 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 %	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH
Acutarial interest	2.20	1.75	2.00	1.75	1.40	1.20	1.20
Pension trend	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Remuneration trend	2.00	2.00	3.00	0.00	2.00	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, the other DATAGROUP entities 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	30.09.2017	30.09.2016	30.09.2015	30.09.2014	30.09.2013
Projected benefit obligation of the defined benefit obligation	66,503,433.62	64,661,039.33	14,573,986.00	13,702,557.00	12,439,902.00
Fair value of the plan assets	28,910,245.69	22,832,142.00	1,751,644.00	1,757,749.42	1,764,979.42
Provisions for pensions	**37,593,187.93**	**41,828,897.33**	**12,822,342.00**	**11,944,807.58**	**10,674,922.58**

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

Figures in EUR	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2016/2017 Total	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2015/2016 Total
Projected benefit obligation on 01.10.	**47,804,522.00**	**16,420,914.33**	**0.00**	**435,603.00**	**64,661,039.33**	**0.00**	**14,211,691.00**	**362,295.00**	**14,573,986.00**
Additions out of changes in the scope of consolidation / out of transfer of employees	0.00	0.00	10,987,695.96	0.00	10,987,695.96	50,793,008.00	0.00	0.00	50,793,008.00
Current service cost	1,096,233.00	24,531.00	25,636.92	3,411.00	1,149,811.92	91,352.00	28,776.00	2,527.00	122,655.00
Pension payments	30,688.00	602,323.00	13,722.09	12,826.00	659,559.09	0.00	588,382.67	12,826.00	601,208.67
Interest expenses	669,264.47	193,437.00	30,185.07	5,150.00	898,036.54	49,947.00	334,020.00	8,541.00	392,508.00
Expected projected benefit obligation on 30.09.	**49,539,331.47**	**16,036,559.33**	**11,029,795.86**	**431,338.00**	**77,037,024.66**	**50,934,307.00**	**13,986,104.33**	**360,537.00**	**65,280,948.33**
Actuarial gains and losses									
from changes in financial mathematical assumptions	-9,219,726.60	-1,607,015.97	0.00	-36,302.00	-10,863,044.57	-3,129,785.00	2,406,761.00	76,066.00	-646,958.00
from changes based on experience	330,293.53	0.00	0.00	-840.00	329,453.53	0.00	28,049.00	-1,000.00	27,049.00
Total	**-8,889,433.07**	**-1,607,015.97**	**0.00**	**-37,142.00**	**-10,533,591.04**	**-3,129,785.00**	**2,434,810.00**	**75,066.00**	**-619,909.00**
Projected benefit obligation on 30.09.	**40,649,898.40**	**14,429,543.36**	**11,029,795.86**	**394,196.00**	**66,503,433.62**	**47,804,522.00**	**16,420,914.33**	**435,603.00**	**64,661,039.33**

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

Figures in EUR	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2016/2017 Total	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2015/2016 Total
Active employees	39,567,033.40	1,059,431.00	6,996,987.33	92,161.00	47,715,612.73	47,402,896.00	996,648.00	100,588.00	48,500,132.00
Former employees with vested pension entitlement	829,122.00	2,447,932.00	803,051.00	88,592.00	4,168,697.00	0.00	3,257,703.00	97,515.00	3,355,218.00
Pensioners	253,743.00	10,922,180.36	3,229,757.53	166,930.00	14,572,610.89	401,626.00	12,166,563.33	185,343.00	12,753,532.33
Widows and orphans	0.00	0.00	0.00	46,513.00	46,513.00	0.00	0.00	52,157.00	52,157.00
Projected benefit obligations on 30.09.	**40,649,898.40**	**14,429,543.36**	**11,029,795.86**	**394,196.00**	**66,503,433.62**	**47,804,522.00**	**16,420,914.33**	**435,603.00**	**64,661,039.33**

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

Figures in EUR	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2016/2017 Total	2015/2016 DATAGROUP Enterprise Services GmbH	2015/2016 DATAGROUP Business Solutions GmbH	2015/2016 DATAGROUP Stuttgart GmbH	2015/2016 Total
Fair value of plan assets on 01.10.	**21,085,248.00**	**1,746,894.00**	**0.00**	**0.00**	**22,832,142.00**	**0.00**	**1,751,644.00**	**0.00**	**1,751,644.00**
Additions out of changes in the scope of consolidation / out of transfer of employees	0.00	0.00	6,095,029.36	0.00	6,095,029.36	21,085,249.36	0.00	0.00	21,085,249.36
Additions to plan assets	0.00	16,167.00	0.00	0.00	16,167.00	0.00	41,075.00	0.00	41,075.00
Payments from plan assets	34,549.00	92,339.00	0.00	0.00	126,888.00	0.00	92,339.00	0.00	92,339.00
Expected income or expenses from plan assets	0.00	20,490.00	22,168.33	0.00	42,658.33	0.00	15,398.00	0.00	15,398.00
Expected fair value of plan assets on 30.09.	**21,050,699.00**	**1,691,212.00**	**6,117,197.69**	**0.00**	**28,859,108.69**	**21,085,249.36**	**1,715,778.00**	**0.00**	**22,801,027.36**
Actuarial gains and losses	0.00	51,137.00	0.00	0.00	51,137.00	-1.36	31,116.00	0.00	31,114.64
Fair value of plan assets on 30.09.	**21,050,699.00**	**1,742,349.00**	**6,117,197.69**	**0.00**	**28,910,245.69**	**21,085,248.00**	**1,746,894.00**	**0.00**	**22,832,142.00**

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

Pension expenses are reflected in the income statement as follows:

Figures in EUR	2016/2017	2015/2016
Current service = Personnel expenses	1,149,811.92	122,655.00
Interest income	42,658.33	15,398.00
Interest expenses	898,036.54	392,508.00

The revaluation of the defined benefit obligations is recognised in the other income. It is composed as follows:

Figures in EUR	2016/2017	2015/2016
Revaluation from defined benefit obligations from		
provisions for pensions obligations	10,584,728.04	651,023.64
Accounts receivable from reinsurance	-200,247.51	0.00
Heding instrument	-8,978,606.00	0.00
Total	**1,405,874.53**	**651,023.64**

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:

	2016/2017	2015/2016
Figures in %	Increase or decrease of projected benefit obligation	Increase or decrease of projected benefit obligation
Interest -0.5 %	11.42	12.99
Interest +0.5 %	-8.32	-11.04
Pension trend -0.5 %	-6.55	-6.92
Pension trend +0.5 %	7.24	7.69
Life expectancy -1 year	-2.35	-3.78
Life expectancy +1 year	2.31	3.79

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

Figures in EUR	2017/2018
Pension payments	1,016,978.45
Annuity payments from plan assets	92,497.28
Employer's contribution for plan assets	564,208.00
Total	**1,488,689.17**

The average remaining time to maturity of the obligations (duration) is approximately 22 years.

Anna-Lena Arndt, Management Assistant
DATAGROUP Consulting Services GmbH

16. 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.

17. Other liabilities

Other liabilities are composed as follows:

	30.09.2017	30.09.2017	30.09.2017	30.09.2016
Figures in EUR	Short-term	Long-term	Total	Total
Liabilities to affiliated companies	254,719.96	0.00	254,719.96	218,850.79
Liabilities to companies in which participating interests are held	2,414,633.21	0.00	2,414,633.21	1,687,591.77
Repayments received	307,905.42	0.00	307,905.42	4,116,845.16
Liabilities to tax authorities	3,821,085.51	0.00	3,821,085.51	5,547,458.85
Liabilities to personnel	13,456,702.81	0.00	13,456,702.81	7,873,939.77
Liabilities related to outstanding invoices	5,912,667.15	0.00	5,912,667.15	1,416,546.67
Other liabilities	3,314,202.14	2,368,710.73	5,682,912.87	2,166,137.87
Other liabilities	**29,481,916.20**	**2,368,710.73**	**31,850,626.93**	**23,027,370.88**

IV. Supplementary disclosures on financial instruments

Classification of financial instruments

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

	30.09.2017	30.09.2017	30.09.2017	30.09.2017	30.09.2017	30.09.2016	30.09.2016	30.09.2016	30.09.2016	30.09.2016
Category	I	II	III	IV		I	II	III	IV	
Figures in EUR	Assets at fair value through profit or loss	Loans and receivable	Liabilities	Derivative financial instrument (hedging instrument)	Total	Assets at fair value through profit or loss	Loans and receivable	Liabilities	Derivative financial instrument (hedging instrument)	Total
ASSETS										
Receivables from finance lease contracts	0.00	4,407,845.02		0.00	4,407,845.02	0.00	4,014,906.23		0.00	4,014,906.23
Trade receivables	0.00	26,759,509.28		0.00	26,759,509.28	0.00	16,067,991.82		0.00	16,067,991.82
Cash and cash equivalents	0.00	53,179,030.87		0.00	53,179,030.87	0.00	24,424,218.26		0.00	24,424,218.26
Other assets	105,739.00	25,645,620.09		0.00	25,751,359.09	212,022.50	39,299,539.70		0.00	39,511,562.20
Financial receivables	**105,739.00**	**109,992,005.26**		**0.00**	**110,097,744.26**	**212,022.50**	**83,806,656.01**		**0.00**	**84,018,678.51**
LIABILITIES										
Liabilities from finance lease contracts	0.00		6,853,697.77	0.00	6,853,697.77	0.00		6,958,926.24	0.00	6,958,926.24
Trade payables	0.00		4,454,387.66	0.00	4,454,387.66	0.00		2,646,036.61	0.00	2,646,036.61
Liabilities to financial institutions	0.00		47,984,858.29	0.00	47,984,858.29	0.00		48,069,962.61	0.00	48,069,962.61
Other liabilities	0.00		3,500,553.36	8,978,605.64	12,479,159.00	0.00		2,601,892.20	0.00	2,601,892.20
Financial liabilities	**0.00**		**62,793,497.08**	**8,978,605.64**	**71,772,102.72**	**0.00**		**60,276,817.66**	**0.00**	**60,276,817.66**

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).

Financial instruments allocated to categories II and II 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 derivative financial instrument is assigned to category IV. The value approach for the hedging instrument is determined using the publicly available input factor „actuarial interest for pension obligations with a duration of 16 years (level 2). The book value corresponds to the fair value. The DATAGROUP Group does not use any other derivative financial instruments.

Net income and other results from financial instruments are composed as follows:

Figures in EUR	2016/2017 Assets at fair value through profit or loss	2016/2017 Loans and receivables	2016/2017 Liabilities	2016/2017 Derivative financial instrument (hedging instrument)	2016/2017 Total
Net result					
Interest result	33,543.90	208,515.06	-1,832,914.51	0.00	-1,590,855.54
Currency translation	0.00	-1,698.14	0.00	0.00	-1,698.14
Result from valuation through profit or loss at fair value	-8,444.64	0.00	0.00	0.00	-8,444.64
Value adjustment and Gain / loss on disposal	0.00	-148,984.94	44,337.71	0.00	-104,647.23
	25,099.26	**57,831.98**	**-1,788,576.80**	**0.00**	**-1,705,645.56**
Comprehensive income					
Result from valuation at fair value	**0.00**	**0.00**	**0.00**	**-8,978,605,64**	**-8,978,605,64**

Figures in EUR	2015/2016 Assets at fair value through profit or loss	2015/2016 Loans and receivables	2015/2016 Liabilities	2015/2016 Derivative financial instrument (hedging instrument)	2015/2016 Total
Net result					
Interest result	9,841.75	229,394.28	-1,754,961.16	0.00	-1,515,725.13
Currency translation	0.00	-1,224.56	0.00	0.00	-1,224.56
Result from valuation through profit or loss at fair value	-3,240.00	0.00	0.00	0.00	-3,240.00
Value adjustment and Gain / loss on disposal	0.00	3,735.04	-216,238.24	0.00	-212,503.20
	6,601.75	**231,904.76**	**-1,971,199.40**	**0.00**	**-1,732,692.89**
Comprehensive income					
Result from valuation at fair value	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

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.

Martina Göhl, Sales
DATAGROUP Köln GmbH

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 entities 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, 2017 – also in a yoy comparison with September 30, 2016 – can be summarised as follows:

Figures in EUR	Book value 30.09.2017	Cash flow 2017/2018	Cash flow 2018/2019	Cash flow 2019/2020	Cash flow 2020/2021	Cash flow 2021/2022 ff.
Total (interest and redemption payments)						
Liabilities from finance lease contracts	6,853,697.77	3,376,830.51	1,963,543.09	1,479,468.25	198,373.13	45,391.15
Trade payables	4,454,387.66	4,454,387.66	0.00	0.00	0.00	0.00
Liabilities to financial institutions	47,984,858.29	8,731,791.36	10,627,626.05	9,007,917.66	13,008,613.23	9,282,060.00
Other liabilities	3,500,553.36	3,500,553.36	0.00	0.00	0.00	0.00
	62,793,497.08	**20,063,562.89**	**12,591,169.14**	**10,487,385.91**	**13,206,986.36**	**9,327,451.15**
thereof interest payments						
Liabilities from finance lease contracts		124,393.76	61,421.01	21,406.66	2,355.67	331.25
Liabilities to financial institutions		981,633.11	710,958.05	591,249.66	279,449.23	282,060.00
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,106,026.88	**772,379.07**	**612,656.32**	**281,804.90**	**282,391.25**

Figures in EUR	Book value 30.09.2016	Cash flow 2016/2017	Cash flow 2017/2018	Cash flow 2018/2019	Cash flow 2019/2020	Cash flow 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**

That the Group's liquidity risk is manageable is reflected in the fact that the current-account credit facility granted at the reporting date has not been used.

Karin Günderoth, Customer Service
DATAGROUP Stuttgart GmbH

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 DATATGROUP Group by EUR 108,000.00 (previous year EUR 30,000.00).

Additionally, DATAGROUP has to face the risk of higher savings efforts in case of a declining interest level and therefore decreasing interest income, to be able to fulfil the medium to long-term obligations of pension payments. On the balance sheet, this risk is accounted for by an increase in pension provisions. An increase in pension provisions due to the actuarial interest rate is not reflected in the financial result but directly reduces equity as it is recognised in other income. To hedge this risk for the pension obligations taken over from HPE DATAGROUP has acquired a hedging instrument. Details can be found in section III.14. Hedging instrument. There are no additional impacts on equity resulting in either profit or loss.

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.

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

Figures in EUR	2016/2017 Specific valuation allowance	2016/2017 General valuation allowance	2016/2017 Total	2016/2017 Trade receivables gross
Opening balance	**108,971.75**	**144,400.00**	**253,371.75**	**16,321,363.57**
Additions through changes in the scope of consolidation	407.04	9,187.46	9,594.50	
Consumption	3,007.04	11,100.00	14,107.04	
Additions	1,396.08	126,812.54	128,208.62	
Closing balance	**107,767.83**	**269,300.00**	**377,067.83**	**27,136,577.11**

In the fiscal year, the DATAGROUP Group had bad debts for trade receivables of EUR 66,366.84 (previous year EUR 64,686.91). This corresponds to 0.03 % of revenues after 0.04 % in the previous year.

On September 30, 2017, the DATAGROUP Group held receivables of EUR 1,668,205.51 that were overdue but not impaired. Of these receivables EUR 65,999.05 were overdue more than 30 days, EUR 50,177.74 more than 60 days and EUR 34,292.23 more than 90 days.

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, 2017, the DATAGROUP Group had an economic equity ratio of 28.9 % after 19.0 % on September 30, 2016. In FY 2016 / 2017, the company reached a net debt / EBITDA ratio of 0.15 after 1.29 in the previous year. Following the completed capital increase, the equity ratio increased 9.9 percentage points. The net debt / EBITDA ratio has improved again over the previous year. The covenants 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.

Alexander Wolf, Head of Sales
DATAGROUP Hamburg 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 are subject to 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 the period under review, cash flow from operating activities increased by EUR 22,958,776.60 to EUR 32,476,903.59 (previous year EUR 9,518,126.99). Both the cash flows in the last and in the current fiscal year were strongly impacted by the following one-time special effects:

- Additional payments and repayments resulting from the audit of the tax authorities
- Incoming payments in connection with the transaction with Hewlett Packard GmbH having taken effect as of September 1, 2016

In the previous year, the cash flow was additionally impacted by the payment of taxes and interests of EUR 6,000,000.00 in total resulting from a tax audit. The exact same event resulted in incoming payments of EUR 2,675,071.06 in the current fiscal year.

In connection with the acquisition of part of the business operations from Hewlett-Packard GmbH and the related takeover of employees and their pension and other entitlements, DATAGROUP Enterprise Services GmbH received compensation and other payments of EUR 17,250,856.55 (previous year EUR 1,867,014.20). This was offset by an advance payment received in the previous year, which leads to a deferral between the two fiscal years in the amount of EUR 5,000,000.00.

Under consideration of these one-time special effects the adjusted cash inflow from operating activities stands at EUR 17,550,975.98 in FY 2016 / 2017 (previous year EUR 8,651,112.79). The adjusted change is EUR 8,899,863.19 and is due to an improved earnings situation of the Group.

Tax payments in the period under review of EUR 6,147,728.15 (previous year EUR 10,264,300.06) are offset by cash inflow from tax refund claims of EUR 2,320,867.49 (previous year EUR 133,729.90).

Cash flow from investing activities

Cash outflows from investing activities totalled EUR 19,749,570.01 (previous year EUR 3,710,896.88) 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 net amount of EUR 10,499,129.74, i.e. after deduction of liquid funds as part of the transactions (previous year EUR 1,821,460.01). Investments in property, plant and equipment and intangible assets in the amount of EUR 10,456,613.35 (previous year EUR 3,323,710.05) were mainly caused 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 16,027,320.77 in the fiscal year after EUR 16,544,631.99 in the previous year. The 10 % capital increase in FY 2016/2017 led to a cash inflow of EUR 21,129,868.90. The cash inflow in the previous year was generated by the issue of promissory note loans in a total volume of EUR 30,000,000.00, which was offset by loan repayments to banks of EUR 250,000.00. The dividend payment amounted to EUR 2,271,737.70 (previous year EUR 1,893,114.75) in the period under review. Finance lease agreements led to net cash outflows of EUR 1,076,791.49 in the fiscal year (previous year EUR 1,117,131.95).

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 und 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 entities are exclusively based in Germany. For this reason, a regional reporting is only helpful to a limited extent.

Tobias Schwedhelm, Site Manager at Cologne DATAGROUP Service Desk GmbH

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 2016/2017	Solutions & Consulting 2016/2017	Others & Consolidation 2016/2017	Total 2016/2017	Services 2015/2016	Solutions & Consulting 2015/2016	Others & Consolidation 2015/2016	Total 2015/2016
Revenues with external customers	147,489,380.78	75,129,004.09	523,294.49	223,141,679.36	99,398,008.75	74,804,827.64	715,302.64	174,918,139.04
Revenues with other segment	3,946,438.27	6,299,838.54	-10,246,276.81	0.00	2,282,641.24	5,129,277.23	-7,411,918.47	0.00
Revenue of the segment	**151,435,819.05**	**81,428,842.63**	**-9,722,982.32**	**223,141,679.36**	**101,680,649.99**	**79,934,104.87**	**-6,696,615.83**	**174,918,139.04**
Material expenses/expenses for purchased services	51,591,374.97	20,645,431.53	-8,005,982.60	64,230,823.90	43,935,641.30	20,283,846.27	-6,047,192.38	58,172,295.19
Personnel expenses	70,406,840.11	43,557,152.24	5,887,234.05	119,851,226.40	38,350,942.38	42,521,950.92	4,836,976.76	85,709,870.06
Regular depreciation and amortisation	2,116,991.41	2,623,162.83	3,710,942.59	8,451,096.83	745,773.97	2,649,060.17	3,032,892.55	6,427,726.69
Operating income	**15,611,478.77**	**5,611,420.71**	**-2,633,209.70**	**18,589,689.77**	**14,526,742.14**	**5,290,165.88**	**-7,141,464.39**	**12,675,443.64**
Interest income				685,210.75				825,518.82
Interest expenses				2,760,135.59				3,249,225.99
Earnings before taxes				**16,598,661.85**				**10,091,004.29**
Taxes on income and profit				5,399,667.61				4,375,535.63
Net income for the period				**11,198,994.24**				**5,715,468.66**
Headcount on reporting date	**1,151**	**610**	**29**	**1,790**	**712**	**892**	**26**	**1,630**
Investments	**10,434,263.43**	**2,695,448.75**	**8,199,653.93**	**21,329,366.11**	**1,158,493.77**	**2,926,023.39**	**1,792,026.76**	**5,876,543.92**
Investments from changes in the scope of consolidation	**17,083,270.39**	**0.00**	**27,000.00**	**17,110,270.39**	**0.00**	**0.00**	**0.00**	**0.00**
Assets total segment	**120,603,160.59**	**37,940,546.81**	**127,778,909.03**	**286,322,616.43**	**32,357,601.96**	**87,443,087.05**	**96,269,943.82**	**216,070,632.83**
intersegment consolidation	-4,902,681.53	-1,469,655.18	-66,559,915.54	-72,932,252.25	-8,678,580.48	-5,846,057.68	-41,799,956.19	-56,324,594.35
Assets	**115,700,479.06**	**36,470,891.63**	**61,218,993.49**	**213,390,364.18**	**23,679,021.48**	**81,597,029.37**	**54,469,987.63**	**159,746,038.48**
Liabilities total segment	**74,596,732.10**	**32,732,065.76**	**63,620,635.34**	**170,949,433.20**	**10,012,253.34**	**72,418,784.94**	**65,534,019.39**	**147,965,057.67**
intersegment consolidation	-2,577,911.31	-2,534,506.48	-12,028,030.71	-17,140,448.50	2,277,371.57	-1,257,039.36	-17,606,535.43	-16,586,203.22
Liabilities	**72,018,820.79**	**30,197,559.28**	**51,592,604.63**	**153,808,984.70**	**12,289,624.91**	**71,161,745.58**	**47,927,483.96**	**131,378,854.45**

SEGMENT REPORTING BY GEOGRAPHIES

Figures in EUR	Germany 2016/2017	EU countries 2016/2017	Third country 2016/2017	Total 2016/2017	Germany 2015/2016	EU countries 2015/2016	Third country 2015/2016	Total 2015/2016
Revenues with external customers	**219,728,899.43**	**2,603,516.88**	**809,263.05**	**223,141,679.36**	**172,129,327.57**	**1,397,830.29**	**1,390,981.18**	**174,918,139.04**

The Services segment generated revenues of EUR 151,435,819.05 in the fiscal year. These are EUR 49,755,169.05 or 48.9 % more than in FY 2015/2016. EBITDA was EUR 17,728,470.18 (previous year EUR 15,272,516.11). The EBITDA margin stood at 11.7 % after 15.0 % in the previous year.

Revenues in the Solutions and Consulting segment rose by 1.9 % to EUR 81,428,842.63. The EBITDA margin of this segment was 10.1 % after 9.9 % 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 2016/2017 DATAGROUP employed on average 1,775 (previous year 2014/2015 1,404) people. On September 30, 2017, the number of employees totalled 1,790 (on September 30, 2016 1,630). When also accounting for management and apprentices, the headcount was 1,905 on September 30, 2017. DATAGROUP employed 70 apprentices on September 30, 2017.

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

MS. DR. CAROLA WITTIG
Presiding Judge at the Stuttgart district court
Deputy Chairman

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

MR. KLAUS HARDY MÜHLECK (UNTIL NOVEMBER 19, 2016)
CIO/Director General in the Federal Ministry of Defence, Berlin
(until his resignation of the supervisory board mandate
Senior Vice President/CIO thyssenkrupp AG, Essen)

Felicia Effertz, Marketing Specialist
DATAGROUP Köln GmbH

4. Total remuneration of the members of the management board

The total remuneration of the members of the management board added up to EUR 3,567,188.15. This amount includes variable remuneration of EUR 1,676,670.00.

The total remuneration includes remuneration for the operational management of subsidiaries in the amount of EUR 741,928.50 (thereof EUR 300,000.00 variable).

5. Total remuneration of the members of the supervisory board

The total remuneration of the members of the supervisory board amounted to EUR 80,000.00 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 entities, their close family members, HHS Beteiligungsgesellschaft mbH (HHS) and its subsidiaries were identified as affiliated and associated companies and/or persons.

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.

Manfred Clar, Head of Service Processes
DATAGROUP Business Solutions GmbH

Furthermore, DATAGROUP SE provided other services to HHS in the amount of EUR 29,953.10 (previous year EUR 1,857.31). DATAGROUP SE received goods and services from HHS in the amount of EUR 354,476.44 (previous year EUR 352,381.43).

As in the previous year, DATAGROUP SE did not receive any goods or services from subsidiaries of HHS in the fiscal year. In the year under review, DATAGROUP SE provided services to several subsidiaries of HHS totalling EUR 471.82 (previous year EUR 1,281.44).

In the fiscal year, DATAGROUP SE granted HHS an overdraft in the total amount of EUR 6,000,000.00. The loan was fully repaid at the reporting date. In the fiscal year, interest income amounted to EUR 79,460.99 (previous year EUR 58,094.86).

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 entities signed rental 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 DATAGROP acts as lessor or lessee. The other rental 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:

	30.09.2017	30.09.2017	30.09.2017	30.09.2017
Figures in EUR	up to 1 year	1 to 5 years	over 5 years	Total
Leasing obligations				
Finance lease				
Minimum leasing payments	3,376,830.51	3,686,775.62	0.00	7,063,606.13
Present value	3,252,436.75	3,601,261.03	0.00	6,853,697.77
Operating lease				
Minimum leasing payments	7,656,711.59	12,793,057.53	3,798,569.72	24,248,338.84
Leasing claims				
Finance lease				
Minimum leasing payments	2,364,079.54	2,155,709.53	0.00	4,519,789.07
Present value	2,295,766.62	2,112,078.40	0.00	4,407,845.02

	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

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

The terms of the finance lease contracts – with DATAGROUP entities 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. 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	2016 / 2017	2015 / 2016
Fees for audit services	216,906.02	184,931.50
Tax advisory services	139,326.35	137,415.99
Other services	127,614.00	84,215.24
Auditor's fees	**483,846.37**	**406,562.73**

Of these expenses, EUR 372,750.00 (previous year EUR 292,950.00) were deferred at the balance sheet date. The result from the settlement of the provision created in the previous year was EUR -18,822.70 (previous year EUR 5,831.29).

11. 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, 2017 (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, 2017 is to be published in the German Electronic Federal Gazette.

12. Notification from shareholders (pursuant to § 20 para. 4 AktG)

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

13. Exemption pursuant to § 264 para. 3 HGB (German Commercial Code)

The shareholder meetings of DATAGROUP Stuttgart GmbH, DATAGROUP Bremen GmbH, DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH decided to make use of the exemption under § 264 para. 3 HGB and suspend the preparation and publication of the notes and the management report on September 30, 2017. The resolutions were disclosed in the German Electronic Federal Gazette in accordance with § 325 HGB.

14. Proposal for the appropriation of net income

The management board will propose to the Annual General Meeting to distribute a dividend of EUR 0.45 per no-par share entitled to dividend from the retained earnings of EUR 14,678,649.72. The remaining amount is to be carried forward.

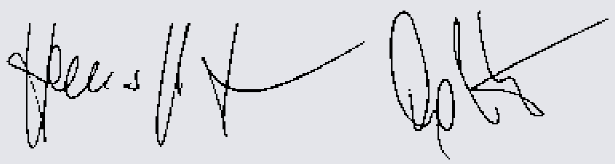
15. Authorisation to disclose the consolidated financial statement of the previous year

The authorisation to disclose the consolidated financial statements of the previous year ending September 30, 2016 was granted by the management board on January 20, 2017. Disclosure was made in a timely manner on our website at the end of January 2017, in the electronic commercial register on August 16, 2017.

Pliezhausen, January 19, 2018

DATAGROUP SE

Management board



Hans-Hermann Schaber **Dirk Peters**

Authorisation to disclose the consolidated financial statement

On January 23, 2018, the management board decided to release the consolidated financial statements of DATAGROUP SE ending September 30, 2017 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, 2016 to September 30, 2017. 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, 2016 to September 30, 2017 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 19, 2018

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

Imprint

ISSUER
DATAGROUP SE
Wilhelm-Schickard-Straße 7
D-72124 Pliezhausen
Phone: +49 7127 970-000
Fax: +49 7127 970-033
Email: kontakt@datagroup.de
www.datagroup.de

INVESTOR RELATIONS
DATAGROUP SE
Claudia Erning
Wilhelm-Schickard-Straße 7
D-72124 Pliezhausen
Phone: +49 7127 970-015
Fax: +49 7127 970-033
Email: claudia.erning@datagroup.de

DESIGN AND TYPESETTING
Marlene Kern Design, Creative Agency Munich
www.marlenekerndesign.de

PHOTOGRAPHY
Klaus Mellenthin, Stuttgart / Berlin

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DATAGROUP
IT Services + Solutions

We think differently.
We work differently.

We find better solutions.