Diebold Nixdorf AG

Annual Report 2016/2017
October 1, 2016 to September 30, 2017

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Income Statement for the Period from October 1, 2016 to September 30, 2017.

€k

	Note	2016/2017	2015/2016
Net sales	▶ 1	**2,361,733**	**2,578,571**
Cost of sales		-1,807,656	-1,965,743
Gross profit	▶ 2	**554,077**	**612,828**
Research and development expenses		-86,493	-94,930
Selling, general and administration expenses	▶ 3	-328,968	-398,269
Other operating income	▶ 4	33,949	24,132
Other operating expenses	▶ 4	-8,109	0
Result from equity accounted investments	▶ 10	1,228	-193
Net profit on operating activities		**165,684**	**143,568**
Finance income	▶ 5	3,025	3,603
Finance costs	▶ 5	-5,611	-8,198
Profit before income taxes		**163,098**	**138,973**
Income taxes	▶ 6	-44,343	-37,086
Profit for the period		**118,755**	**101,887**
Profit attributable to non-controlling interests		752	1,451
Profit attributable to equity holders of Diebold Nixdorf AG		**118,003**	**100,436**
Shares for calculation of earnings per share (in thousands)	▶ 7	**29,816**	**29,816**
Earnings per share (€)	▶ 7	**3.96**	**3.37**

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Statement of Comprehensive Income for the Period from October 1, 2016 to September 30, 2017.

€k

	Note	2016/2017	2015/2016
Profit for the period		**118,755**	**101,887**
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - effective portion of changes in fair value		4,338	3,526
Cash flow hedges - reclassified to profit or loss		-3,224	2,337
Exchange rate changes - resulting in neither profit or loss		-6,056	-4,599
Exchange rate changes - reclassified to profit or loss		837	-9,049
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses		29,139	-26,996
Other comprehensive income (net of tax)	▶ 17	**25,034**	**-34,781**
Total comprehensive income		**143,789**	**67,106**
Total comprehensive income attributable to:			
Non-controlling interests		**1,396**	**-62**
Equity holders of Diebold Nixdorf AG		**142,393**	**67,168**

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Balance Sheet as of September 30, 2017.

Assets €k

	Note	Sept. 30, 2017		Sept. 30, 2016	
Non-current assets					
Intangible assets	▶ 8	373,047		374,916	
Property, plant and equipment	▶ 9	102,540		116,906	
Investments accounted for using the equity method	▶ 10	10,301		9,073	
Investments	▶ 10	8,454		3,706	
Reworkable service parts	▶ 11	32,650		29,812	
Trade receivables	▶ 12	7,080		14,406	
Other assets	▶ 12	43,343		7,628	
Deferred tax assets	▶ 13	27,765	605,180	44,712	601,159
Current assets					
Inventories	▶ 14	271,784		339,662	
Trade receivables	▶ 12	313,832		445,034	
Receivables from affiliated companies	▶ 12	77,353		11,475	
Receivables from related companies	▶ 12	36,431		65,272	
Current income tax assets	▶ 12	12,300		16,558	
Other assets	▶ 12	92,537		110,233	
Investments	▶ 10	5		8	
Cash and cash equivalents	▶ 15	95,315		85,336	
Assets held for sale	▶ 16	83,906	983,463	0	1,073,578
Total assets			**1,588,643**		**1,674,737**

Equity and Liabilities €k

	Note	Sept. 30, 2017		Sept. 30, 2016	
Equity					
Subscribed capital of Diebold Nixdorf AG		33,085		33,085	
Retained earnings		493,409		515,927	
Treasury shares		-173,712		-173,712	
Other components of equity		29,519		35,121	
Equity attributable to equity holders of Diebold Nixdorf AG	▶ 17	**382,301**		**410,421**	
Non-controlling interests	▶ 18	30,715	413,016	30,110	440,531
Non-current liabilities					
Accruals for pensions and similar commitments	▶ 19	75,040		82,586	
Other accruals	▶ 20	25,382		21,926	
Financial liabilities	▶ 21	1,046		1,505	
Financial liabilities to affiliated companies	▶ 21	6,042		58,249	
Trade payables	▶ 21	560		8	
Other liabilities	▶ 21	68,392		63,557	
Deferred tax liabilities	▶ 13	20,119	196,581	9,126	236,957
Current liabilities					
Other accruals	▶ 20	149,025		175,530	
Financial liabilities	▶ 21	1,093		76,424	
Advances received	▶ 21	10,098		16,457	
Trade payables	▶ 21	248,563		344,231	
Liabilities to affiliated companies	▶ 21	24,824		570	
Financial liabilities to affiliated companies	▶ 21	196,988		0	
Liabilities to related companies	▶ 21	31,292		30,985	
Current income tax liabilities	▶ 21	35,785		40,982	
Other liabilities	▶ 21	240,538		312,070	
Liabilities with regard to assets held for sale	▶ 16	40,840	979,046	0	997,249
Total equity and liabilities			**1,588,643**		**1,674,737**

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Cash Flow Statement for the Period from October 1, 2016 to September 30, 2017.[1)]

€k

	2016/2017	2015/2016
EBITA	**165,684**	**143,568**
Amortization/depreciation of property rights, licenses and property, plant and equipment	50,134	56,505
Write-down of reworkable service parts	2,913	6,293
EBITDA	**218,731**	**206,366**
Interest received	2,241	3,378
Interest paid	-4,271	-6,004
Income taxes paid	-24,469	-37,482
Result on disposal of intangible assets and property, plant and equipment	-12	91
Result from the disposal of consolidated affiliated companies	-25,840	-13,836
Change in accruals	38,821	-43,898
Other non-cash items	-25,768	-19,113
Change in working capital	32,061	15,174
Change in other assets and other liabilities	-46,156	217
Cash flow from operating activities	**165,338**	**104,893**
Payments received from the disposal of property, plant and equipment	227	1,111
Payments received from the disposal of investments and other payments received	24	36
Payments received in connection from the disposal of consolidated affiliated companies less financial resources outflow	-2,653	16,355
Payments made for investment in intangible assets	-16,552	-9,984
Payments made for investment in property, plant and equipment	-26,668	-37,442
Payments made for acquisition of consolidated affiliated companies, jointly controlled entities, and other business units	-8,021	-2,678
Payments made for investment in reworkable service parts	-7,757	-8,651
Cash flow from investment activities	**-61,400**	**-41,253**
Payments made to equity holders	-50,986	0
Payments received from financial loan draw-downs from affiliated companies	44,007	58,249
Payments made for repayment of financial loans	-65,275	-20,000
Payments received from non-controlling interests	0	28,536
Payments made to non-controlling interests	-745	-1,022
Other financing activities	-719	-178
Cash flow from financing activities	**-73,718**	**65,585**
Net change in cash and cash equivalents	**30,220**	**129,225**
Change in cash and cash equivalents from exchange rate movements	-575	-1,141
Cash and cash equivalents at beginning of period[2)]	74,258	-53,826
Cash and cash equivalents at end of period[2)]	**103,903**	**74,258**

[1)] For further explanations, see Note ▶ 28.

[2)] Include cash and cash equivalents and current bank liabilities.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Changes in Group Equity as of September 30, 2017.[1)]

€k

	Equity attributable to equity holders of Diebold Nixdorf AG								
				Other components of equity					
	Subscribed capital	Retained earnings	Treasury shares	Add. paid-in capital	Exchange rate changes	Cash flow hedges	Total	Non-controlling interests	Equity
As of October 1, 2015	**33,085**	**476,673**	**-173,712**	**48,714**	**10,085**	**-7,498**	**387,347**	**4,093**	**391,440**
Cash flow hedges	0	0	0	0	0	5,863	5,863	0	5,863
Exchange rate changes	0	0	0	0	-13,705	0	-13,705	57	-13,648
Actuarial gains and losses	0	-25,426	0	0	0	0	-25,426	-1,570	-26,996
Other comprehensive income	**0**	**-25,426**	**0**	**0**	**-13,705**	**5,863**	**-33,268**	**-1,513**	**-34,781**
Profit for the period	0	100,436	0	0	0	0	100,436	1,451	101,887
Total comprehensive income	**0**	**75,010**	**0**	**0**	**-13,705**	**5,863**	**67,168**	**-62**	**67,106**
Share options	0	772	0	-8,338	0	0	-7,566	0	-7,566
Business acquisitions	0	-20,744	0	0	0	0	-20,744	6,316	-14,428
Disposal of non-controlling interests without loss of control	0	-15,784	0	0	0	0	-15,784	20,184	4,400
Distributions	0	0	0	0	0	0	0	-421	-421
Transactions with equity holders	**0**	**-35,756**	**0**	**-8,338**	**0**	**0**	**-44,094**	**26,079**	**-18,015**
As of September 30, 2016	**33,085**	**515,927**	**-173,712**	**40,376**	**-3,620**	**-1,635**	**410,421**	**30,110**	**440,531**
As of October 1, 2016	**33,085**	**515,927**	**-173,712**	**40,376**	**-3,620**	**-1,635**	**410,421**	**30,110**	**440,531**
Cash flow hedges	0	0	0	0	0	1,114	1,114	0	1,114
Exchange rate changes	0	0	0	0	-5,136	0	-5,136	-83	-5,219
Actuarial gains and losses	0	28,412	0	0	0	0	28,412	727	29,139
Other comprehensive income	**0**	**28,412**	**0**	**0**	**-5,136**	**1,114**	**24,390**	**644**	**25,034**
Profit for the period	0	118,003	0	0	0	0	118,003	752	118,755
Total comprehensive income	**0**	**146,415**	**0**	**0**	**-5,136**	**1,114**	**142,393**	**1,396**	**143,789**
Other changes	0	2,021	0	0	0	0	2,021	0	2,021
Hypothetical current tax taken over by the parent company	0	0	0	16,518	0	0	16,518	0	16,518
Recognition of liabilities for taxes acc. to §16 Corporate Tax Law (KStG) on compensation payments	0	0	0	-18,098	0	0	-18,098	0	-18,098
Changes in other retained earnings	0	3,655	0	0	0	0	3,655	-46	3,609
Distributions	0	-50,986	0	0	0	0	-50,986	-745	-51,731
Profit transfer to Diebold Nixdorf KGaA for 2016/2017	0	-123,623	0	0	0	0	-123,623	0	-123,623
Transactions with equity holders	**0**	**-168,933**	**0**	**-1,580**	**0**	**0**	**-170,513**	**-791**	**-171,304**
As of September 30, 2017	**33,085**	**493,409**	**-173,712**	**38,796**	**-8,756**	**-521**	**382,301**	**30,715**	**413,016**

[1)] For further explanations, see Note ▶ 17.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Notes to the Group Financial Statements for Fiscal 2016/2017.

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8.

Operating Segments.[1)] €k

	Banking	Retail	Group
Net sales to external customers	1,348,627 (1,543,277)	1,013,106 (1,035,294)	**2,361,733** (2,578,571)
Operating profit (EBITA)	105,429 (104,653)	60,255 (38,915)	**165,684** (143,568)
Result from equity accounted investments	1,228 (-193)	0 (0)	**1,228** (-193)
Segment assets	486,105 (609,512)	336,128 (435,993)	**822,233** (1,045,505)
Segment liabilities	283,424 (337,789)	168,996 (221,439)	**452,420** (559,228)
Investment in intangible assets and property, plant and equipment	30,915 (36,676)	13,398 (10,750)	**44,313** (47,426)
Investment in reworkable service parts	5,818 (6,575)	1,939 (2,076)	**7,757** (8,651)
Amortization/depreciation of property rights, licenses and property, plant and equipment	40,302 (45,819)	9,832 (10,686)	**50,134** (56,505)
Write-down of reworkable service parts	2,185 (4,783)	728 (1,510)	**2,913** (6,293)
Research and development expenses	56,723 (61,314)	29,770 (33,616)	**86,493** (94,930)

Last year's figures are shown in brackets.

[1)] For further explanations, see Note ▶ 29.

Secondary Information.[1)] €k

	Europe	*Included in Europe: Germany*	Asia/ Pacific/ Africa	Americas	Group
Net sales to external customers	1,791,719 (1,788,133)	*567,803* *(565,138)*	374,989 (470,694)	195,025 (319,744)	**2,361,733** (2,578,571)
Segment assets	699,359 (750,455)	*401,254* *(422,571)*	122,874 (216,182)	0 (78,868)	**822,233** (1,045,505)
Non-current assets	162,608 (164,229)	*141,021* *(138,671)*	5,430 (7,977)	212 (872)	**168,250** (173,078)
Investment in intangible assets and property, plant and equipment	32,038 (45,019)	*23,826* *(39,544)*	1,610 (2,142)	10,665 (265)	**44,313** (47,426)
Investment in reworkable service parts	7,627 (8,651)	*7,627* *(8,651)*	130 (0)	0 (0)	**7,757** (8,651)

Last year's figures are shown in brackets.

[1)] For further explanations, see Note ▶ 29.

GENERAL INFORMATION.

Diebold Nixdorf AG Group (in the following "Diebold Nixdorf AG" or the "Group") is one of the world's leading providers of IT solutions to banks and retailers. The extensive portfolio is aimed at optimizing business processes within bank branches and retail outlets. This is essentially about reducing complexity and cost, and improving service to the end customer.

The Banking segment's proposition includes hardware, software, IT services, and consulting services. ATMs, cash recycling systems, automated teller safes and transaction terminals are key elements of the hardware portfolio. Besides software for the operating systems banks may benefit from software by means of which they are able to manage processes throughout all distribution channels.

Through the Retail segment, Diebold Nixdorf AG also provides hardware, software, IT services, and consulting services. Key elements are programmable ePOS systems or self-checkout systems and relate to the checkout area. The software portfolio allows the entire control of all processes and systems within the branch.

For both retail banks and retailers our IT services ensure the maximum availability of installed IT systems. Moreover, for both segments professional services offer software adaptation and integration to the IT environment of our customers. For reporting purposes, these services are allocated to either one of the segments Retail or Banking.

Diebold Nixdorf AG is represented in over 130 countries around the world and has its own subsidiary companies in 40 of these. Major business geographies are Germany and Europe. The Group's main production facility is located in Germany. Research and development within the Group is conducted predominantly in Germany, Poland, Singapore, and Czechia.

The parent company of the Group is Diebold Nixdorf Aktiengesellschaft (in the following "Diebold Nixdorf AG") located on Heinz-Nixdorf-Ring 1, 33106 Paderborn, Germany. The Company is registered at the local court office in Paderborn, Germany under the number HRB 6846. The stock of Diebold Nixdorf AG is listed on the Frankfurt Stock Exchange in the Prime Standard segment and is part of the SDAX. The Group's fiscal year commences on October 1 and ends on September 30 of the subsequent calendar year.

The functional and reporting currency of Diebold Nixdorf AG is the euro (€). The Group financial statements are set up in euro since this is the currency in which the majority of the Group's transactions are carried out. Reported figures are shown in thousands of euro (€k) unless stated otherwise.

Several Group balance sheet and Group income statement items have been combined in order to improve clarity. These items are stated and explained separately in the Notes to the Group financial statements. The Group income statement is structured using the cost of sales method.

On December 20, 2017, the Board of Directors of Diebold Nixdorf AG authorized the Group financial statements for issue.

Use of International Financial Reporting Standards (IFRS).

The Group financial statements of Diebold Nixdorf AG as of September 30, 2017, have been prepared in accordance with the International Financial Reporting Standards (in the following "IFRS") as adopted by the European Union (in the following "EU") and the provisions of commercial law to be additionally applied in accordance with Section 315e (1) of the German Commercial Code.

In fiscal 2016/2017, Diebold Nixdorf AG has applied the following amendments and changes to accounting standards for the first time:

- Amendments to IAS 16 and IAS 41: "Bearer Plants"
  (to be applied for periods beginning on or after January 1, 2016)
- Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"
  (to be applied for periods beginning on or after January 1, 2016)
- Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortization"
  (to be applied for periods beginning on or after January 1, 2016)
- Annual Improvements to IFRS 2012 – 2014 Cycle
  (to be applied for periods beginning on or after January 1, 2016)
- Amendments to IAS 1: "Disclosure Initiative"
  (to be applied for periods beginning on or after January 1, 2016)
- Amendments to IAS 27: "Equity Method in Separate Financial Statements"
  (to be applied for periods beginning on or after January 1, 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities – Applying the Consolidation Exception"
  (to be applied for periods beginning on or after January 1, 2016)

The first time application of the amendments and accounting standards had no material effect on the Group financial statements of Diebold Nixdorf AG as of September 30, 2017.

Accounting Standards Not Applied before the Effective Date.

In addition, the following standards and amendments have been released by the IASB and adopted by the EU until September 30, 2017; however, they are not yet applicable for the Group financial statements of Diebold Nixdorf AG in fiscal 2016/2017:

- Amendments to IAS 7: "Amendments Disclosure Initiative"
  (to be applied for periods beginning on or after January 1, 2017)
- Amendments to IAS 12: "Amendments Recognition of Deferred Tax Assets for Unrealised Losses"
  (to be applied for periods beginning on or after January 1, 2017)
- Amendments to IFRS 4: "Amendments Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"
  (to be applied for periods beginning on or after January 1, 2018)
- IFRS 9 (2014): "Financial Instruments"
  (to be applied for periods beginning on or after January 1, 2018)
- Amendments to IFRS 15: "Amendment Clarifications to IFRS 15"
  (to be applied for periods beginning on or after January 1, 2018)
- IFRS 15 "Revenue from Contracts with Customers including amendments to IFRS 15"
  (to be applied for periods beginning on or after January 1, 2018)

- IFRS 16: “Leases“
  (to be applied for periods beginning on or after January 1, 2019)

We intend to consider the standards and amendments in our Group financial statements in the fiscal year in which they have to be applied, according to the guidelines of the EU.

IFRS 9: “Financial Instruments”

IFRS 9 is the result of an extensive review of accounting policies relating to financial instruments and it replaces IAS 39. IFRS 9 includes new standards on the classification and measurement of financial instruments as well as accounting policies to be applied in the case of hedging relationships. Additionally, it introduces new requirements concerning the impairment of financial instruments. Diebold Nixdorf AG will apply IFRS 9 as from January 1, 2018, for the first time and is likely to make use of the simplification option offered under this standard in respect of comparative information presented for prior periods.

We anticipate that the majority of our financial assets will continue to be recognized in profit or loss at amortised cost. Equity securities can either be classified as measured at fair value through other comprehensive income or as measured at fair value through profit or loss. It is not possible, at this point in time, to provide a reliable assessment of the impact that the introduction of IFRS 9 might have on the recognition of our equity instruments, as the decision regarding measurement through other comprehensive income or through profit or loss has not yet been made.

As regards to the newly defined requirements concerning impairment, we intend to apply the simplified impairment approach specified under IFRS 9 and account for the lifetime-expected credit losses for all trade receivables and contract assets. The financial impact will be dependent on the financial instruments recognized at the date of adopting the standard. It is likely, however, that impairment losses will be recognized at an earlier stage.

At this moment in time, we anticipate that all existing hedging relationships designated as effective in the past will in future also meet the requirements defined under IFRS 9. Therefore, application of the new standard is not expected to have a material impact in this respect. We have not yet made a decision on whether to apply the option of recognizing interest components in other comprehensive income.

IFRS 15: “Revenue from Contracts with Customers“

The objective of IFRS 15 is to introduce a consistent approach to the recognition of revenue from contracts with customers and to bring together the principles of revenue recognition in a single standard, with IFRS 15 replacing IAS 11 and IAS 18 as well as IFRIC 13, IFRIC 15, IFRIC 18, and SIC-31.

Diebold Nixdorf AG has established a cross-functional steering committee and a project implementation team to oversee the first-time application of IFRS 15, the purpose being to assess the impact of this standard on our revenue from contracts with customers. We used a bottom-up approach to assess and document the effects of this standard on our portfolio of contracts. This involved reviewing our current accounting policies and methods in comparison with the requirements set out in the new standard in order to identify potential discrepancies. The implementation team provided management with regular reports on the findings and progress of the project over the course of the financial year.

On the basis of these findings, the Company does not anticipate any significant transitional effects from the introduction of the new standard when applying the modified retrospective method, as no significant construction contracts within the meaning of IAS 11 and no significant customer loyalty programs within the meaning of IFRIC 13 currently exist or are being planned. Essentially, the analyses conducted by us to date do not suggest that there will be any material impact compared to the practice previously in place under IAS 18 with regard to revenue generated from sales. However, a change to the timing of revenue recognition depending on the type of each contract is considered probable. Differences with regard to the timing of recognition may occur in particular as a result of the allocation of transaction prices to various performance obligations, the need to distinguish under IFRS 15 between performance at a specific date or over a period of time, and the possible inclusion of variable amounts with regard to the consideration payable. Additionally, under IFRS 15 specific elements of customer contracts will be governed by newly defined criteria as regards the assessment of separability of performance obligations. Compared to the revenue recognition method currently being applied, this would result in separate revenue.

Alongside the above-mentioned effects on profit and loss, we also anticipate changes with regard to the statement of financial position, in particular in the form of an increase in the balance sheet total. This is due to the explicit requirement under IFRS 15 to recognize contract assets and liabilities. We will also be required to make additional qualitative and quantitative disclosures in the Notes.

IFRS 16: ”Leases“

At the beginning of 2016 the International Accounting Standards Board (IASB) issued IFRS 16 *Leases*. This standard shall be applied for annual reporting periods beginning on or after January 1, 2019. IFRS 16 replaces IAS 17, IFRIC 4, SIC-15, and SIC-27.

Diebold Nixdorf AG Group does not anticipate for an early adoption of IFRS 16.

The key changes incorporated within IFRS 16 *Leases* relate to the lessee. Applying a consistent approach to lease agreements, the new standard specifies that all lessees shall recognize an intangible asset in the form of a right of use as well as a corresponding liability if they have not elected to apply the recognition exemptions relating to leases for which the underlying asset is of low value or to leases that, at the commencement date, have a lease term of 12 months or less. As regards to recognition by lessors, the requirements set out in IFRS 16 are largely unchanged from those specified in earlier standards on leases. The distinction between finance lease and operating lease continues to apply.

In the past, Diebold Nixdorf AG has mainly entered into operating lease agreements. Due to the mandatory application of the newly defined standards in IFRS 16, this will have a sizeable impact on the consolidated financial statements, particularly with regard to financial position, performance, and cash flows.

The application of IFRS 16 is likely to result in a significant increase in intangible assets, as the standard requires the recognition of right-of-use assets. In parallel, non-current financial liabilities will increase accordingly. Additionally, both the nature and the presentation of expenses from operating leases will change in respect of depreciation of right-of-use assets and interest expenses associated with corresponding liabilities. In the past, payments from operating lease arrangements were accounted for in operating cash flow, as specified under the old standard. According to the new requirements of IFRS 16, both the principal and the interest portions of a lease payment are to be accounted for in cash flow from financing activities. This will lead to a reduction in cash flow from financing activities, but also to an improvement in operating cash flow. This, in turn, will produce an increase in free cash flow.

Current obligations in the form of existing minimum lease payments attributable to current operating lease arrangements are presented in Note **[26]** Other Financial Commitments. A cross-Group project team has been put together for the purpose of implementing the new standard; it is currently analyzing the impact of first-time application of IFRS 16 on the Group. At this point in time, we are not in a position to reliably quantify the full-scale impact on the consolidated financial statements of Diebold Nixdorf AG.

Accounting Standards Not yet Adopted into EU Law.

In addition, the IASB has issued further standards, interpretations and amendments of existing standards that the EU has not incorporated into existing law as of September 30, 2017:

- Amendment to IAS 28: “Long-term Interests in Associates and Joint Ventures“
  (to be applied for periods beginning on or after January 1, 2019)
- Amendment to IAS 40: “Transfers of Investment Property“
  (to be applied for periods beginning on or after January 1, 2018)
- Annual Improvements to IFRS Standards 2014-2016 Cycle
  (to be applied for periods beginning on or after January 1, 2017/ January 1, 2018)
- Annual Improvements to IFRS Standards 2015-2017 Cycle
  (to be applied for periods beginning on or after January 1, 2019)
- Amendment to IFRS 2: “Amendments Classification and Measurement of Share-based Payment Transactions“
  (to be applied for periods beginning on or after January 1, 2018)
- Amendment to IFRS 9: “Prepayment Features with Negative Compensation“
  (to be applied for periods beginning on or after January 1, 2019)
- Amendments to IFRS 10 and IAS 28: “Amendments Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” and “Amendments Effective Date” (mandatory application date not yet known)
- Amendments to IFRS 14: “Regulatory Deferral Accounts”
  (to be applied for periods beginning on or after January 1, 2016)
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration“
  (to be applied for periods beginning on or after January 1, 2018)
- IFRIC 23 “Uncertainty over Income Tax Treatments“
  (to be applied for periods beginning on or after January 1, 2019)

At the date on which the Group financial statements are issued, we do not expect any material effects resulting from the standards and amendments to existing standards that have not yet been incorporated into existing EU law on the presentation of the Group financial statements of Diebold Nixdorf AG at the moment of first-time application.

METHODS OF CONSOLIDATION.

Consolidation Group.

The Group financial statements as of September 30, 2017, basically include the subsidiaries controlled by Diebold Nixdorf AG. Control exists if Diebold Nixdorf AG is exposed, or has rights, to variable returns of companies and has the ability to affect those returns through its power. Inclusion of such companies' in the Group financial statements begins from the date Diebold Nixdorf AG obtains control. It ceases, when Diebold Nixdorf AG loses control of the company.

The number of consolidated companies changed in fiscal 2016/2017 as follows:

	Germany	Other countries	**Total**
October 1	26	65	**91**
Newly founded companies	1	2	**3**
Liquidated and deconsolidated companies	0	-3	**-3**
September 30	**27**	**64**	**91**

Acquisition and Founding of Subsidiaries.

Fiscal 2016/2017 saw the introduction of the DN2020 transformation program within the Diebold Nixdorf Inc. Group. One of the key components of this program is to merge entities in selected countries in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. As part of efforts to merge specific entities, Diebold Nixdorf AG acquired and disposed of companies during the annual period under review; these transactions are not governed by the provisions set out in IFRS 3, as they constitute combinations of entities under the common control (the official term "control" is defined in IAS/IFRS) of Diebold Nixdorf Inc.

The following acquisitions of entities occurred in the period under review:

- Effective from July 1, 2017, Diebold Nixdorf AG acquired 100% of the interests in Diebold Self-Service Limited Liability Company, Moscow, Russia, (referred to hereinafter as "Diebold Russia").
- Effective from July 14, 2017, Wincor Nixdorf International GmbH acquired 100% of the interests in Diebold ATM Cihazlari Ticaret Anonim Sirketi, Istanbul, Turkey, (hereinafter referred to as "Diebold ATM"). The acquisition of Diebold ATM also encompassed the transfer of 100% of the interests in ALTUS BİLİŞİM HİZMETLERİ A.Ş., Istanbul, Turkey, (hereinafter referred to as "Altus"), as this entity was a subsidiary of Diebold ATM. Effective from August 7, 2017, Diebold ATM was merged into Diebold Nixdorf Teknoloji Anonim Sirketi, Kadikoy/Istanbul, Turkey.
- Effective from September 4, 2017, WINCOR NIXDORF PTE. LTD., Singapore, Singapore, acquired 100% of the interests in Diebold Singapore Pte Ltd, Singapore, Singapore.

The acquired entities, both separately and in combination, are merely of minor importance to the Diebold Nixdorf AG Group. Therefore, these entities have not been included in the consolidated group.

In addition, effective from April 1, 2017, the assets and liabilities of Visio Objekt GmbH, Schwäbisch Gmünd, Germany, were acquired by Diebold Nixdorf Visio GmbH (formerly WINCOR NIXDORF Dienstleistungs GmbH) for a consideration of €2,050k. The fair value of net assets at the date of acquisition was €457k, as a result of which goodwill was recognized at €1,593k.

In addition, the following entities were newly formed during the period under review:

- Projective BC Germany GmbH, Frankfurt am Main, Germany, with a share capital of €25k
- Projective BC France S.A.R.L., Paris, France, with a share capital of €20k
- Diebold Nixdorf Information Systems (Shanghai) Co., Limited, Shanghai, China, with a share capital of US$4,000k (€3,763k).

All acquisitions and newly established entities were financed by means of existing cash/cash equivalents available to the Diebold Nixdorf AG Group.

Sale of Interests with Loss of Control.

In the context of the merge of companies described under section “Acquisition and Founding of Subsidiaries“ following entities have been sold by Diebold Nixdorf AG:

- Wincor Nixdorf N.V., Zaventem, Belgium
- Diebold Nixdorf GmbH, Vienna, Austria (formerly„Wincor Nixdorf GmbH“)
- Diebold Nixdorf AG, Brüttisellen, Switzerland (formerly, Wincor Nixdorf AG“)

The result from these transactions is recognized within the other operating revenue and described in Note **[4]**.

Associated Companies.

Since the sale of the majority interests, the Chinese companies Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd., Shanghai, China, and Aisino-Wincor Manufacturing (Shanghai) Co., Ltd., Shanghai, China, as well as Aisino-Wincor Engineering Pte. Ltd., Singapore, Singapore, (in the following all companies: Aisino-Wincor) have been associated companies of Diebold Nixdorf AG Group, which has a 43.6% share in the voting rights of each (2015/2016: three companies).

Consolidation Principles.

The Group financial statements are based on the annual accounts of companies forming part of the Group, such accounts having been compiled under uniform Group rules as of September 30, 2017, and, for the comparative period, as of September 30, 2016. By departure from this, we have used interim accounts in respect of 46 companies as of September 30, 2017, as local statutory requirements dictate that these companies have fiscal years ending December 31.

The accounting of business combinations was carried out in accordance with IFRS 3 using the acquisition method. The cost of the acquisition is the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the transaction date. The acquired assets, liabilities, and contingent liabilities are measured at fair value from the date when control is transferred to the Group.

Goodwill is recognized at the acquisition date as the excess of the cost of the acquisition plus the amount of any non-controlling interests in the acquiree as well as the acquisition-date fair value of the acquirer's previously held equity interest over the net fair value of identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For each business combination, Diebold Nixdorf AG independently decides whether non-controlling interests of the acquiree are measured at fair value or at their proportionate share of the acquiree's identifiable net assets.

Goodwill is not amortized on a scheduled basis. Moreover, goodwill is tested for impairment annually or if an indication for impairment exists, and if applicable, an impairment loss is recorded.

The interests in subsidiary companies, which are not attributable to the parent company, are shown within Group equity as "non-controlling interests." Changes in equity interests in Group subsidiaries that reduce or increase Group's percentage ownership without changes of control status are accounted for as an equity transaction between owners. As far as put options for non-controlling interests exist, these are presented based on the respective purchase price agreement at the present value of the exercise price as a financial liability.

If Diebold Nixdorf AG loses control of a subsidiary, the assets, liabilities, any non-controlling interests, prorated Goodwill and foreign exchange reserves are derecognized. Gains and losses from the disposal of subsidiaries are recognized under the other operating result.

Investments that do not have a material impact on the Group's financial position or results of operations are recognized in the consolidated financial statements at cost of acquisition less any impairment losses.

Mutual receivables and payables between companies included in the consolidated accounts, intra-Group income and expenses, as well as intra-Group profit or loss from the delivery of goods and services, are eliminated. If necessary, deferred taxes are applied on consolidation transactions.

Joint ventures and associated companies are accounted for using the equity method. Based on the cost of the investment at the date of acquisition, the carrying amount of the investment is increased or decreased by the share of profit or loss, dividends distributed, the share of intra-Group profit elimination resulting from business with Diebold Nixdorf AG, and other changes in the equity of the joint ventures and associated companies attributable to the investments of Diebold Nixdorf AG or its consolidated subsidiaries. Investments in companies accounted for using the equity method are written down as impaired if the recoverable amount falls below the carrying amount.

Currency Translation.

In the individual annual accounts prepared in local currency, foreign currency transactions are recorded at the exchange rates applicable at the time of the transactions. Monetary items in foreign currency (cash and cash equivalents, receivables and payables) are valued at the mid exchange rate on the balance sheet date. The exchange rate profits or losses arising from the valuation or transaction of monetary items are shown in the Group income statement. Non-monetary items are recorded using historical exchange rates.

Annual accounts prepared in foreign currencies have been converted into euro using the functional currency method, in accordance with IAS 21. The functional currency is the currency in which a foreign entity primary operates or settles payments. As the Group companies undertake business dealings financially, economically, and organizationally independently, the functional currency is, in general, identical with the local currency. However, in the case of Wincor Nixdorf C.A., Caracas, Venezuela, IT SOLUCIONES INTEGRALES C.A., Baquisimeto, Venezuela, WINCOR NIXDORF PTE. LTD., Singapore, WINCOR NIXDORF MANUFACTURING PTE. LTD., Singapore, Wincor Nixdorf S.A. de C.V., Mexico City, Mexico, and Wincor Nixdorf IT Support S.A. de C.V., Mexico City, Mexico, the U.S. dollar, and in the case of Diebold Nixdorf Teknoloji A.S., Kadikoy/Istanbul, Turkey, the Euro, is used as the functional currency, since these currencies influence the purchase and sales prices for goods and services of the foreign entities.

Balance sheet items, including goodwill, are converted at the mid exchange rate applicable on the balance sheet date, and income and expenses in the Group income statement are converted using average exchange rates (annual averages) provided that the foreign exchange rates are more or less stable. The variance arising from conversion is offset against shareholders' equity without affecting profit. Currency differences that result from comparison to last year's currency conversion are also charged against equity without affecting profit. In the event of the disposal of a subsidiary, which results in a loss of control, the cumulative amount of exchange rate differences previously recognized directly in equity is reclassified to the profit or loss as part of the gain or loss on disposal.

The foreign exchange rates of the significant currencies for the Group have developed as follows:

		Average rate		**Closing rate**	
1 € =	ISO Code	**2016/2017**	2015/2016	**Sept. 30, 2017**	Sept. 30, 2016
Pound sterling	GBP	0.8727	0.7853	0.8818	0.8610
U.S. dollar	USD	1.1091	1.1065	1.1806	1.1161

ACCOUNTING AND VALUATION PRINCIPLES.

The Group financial statements are prepared on the basis of accounting and valuation policies that are applied uniformly throughout the Group. The accounting and valuation principles have been retained unchanged compared to the previous year.

Assets and liabilities have been valued at historical acquisition/production cost, with the exception of the items reflected at fair value, such as financial instruments classified as "financial asset or financial liabilities at fair value through profit or loss," derivatives, and plan assets within the scope of pension obligations.

Assumptions and Estimations.

In compiling the Group financial statements, assumptions have been made and estimates used, which have affected the value and reporting of capitalized assets and liabilities, of income and expenses, and of contingent liabilities.

The assumptions mainly relate to the Group-wide setting of standard economic utilization periods of intangible assets and property, plant and equipment, and to the valuation of inventories.

Estimates that have a material influence on the consolidated financial statements are described in the course of the explanatory notes to cash flows used for impairment tests (see subsequent section on Impairment), to the ability of future tax benefits to be realized (see Note ▶ 6), to investments accounted for using the equity method (see Note ▶10) to accruals for pensions and similar commitments (see Note ▶ 19), to other accruals (see Note ▶ 20), as well as to financial instruments (see Note ▶22).

The estimates are based on historical experience and other assumptions that are considered valid at the balance sheet date and reasonable under given circumstances. The underlying future business development is the one for which the highest probability can be assumed. Additionally, the development of the retail and banking industry as well as of the business environment has been accounted for. The estimates and the underlying assumptions are continuously verified. The actual values may vary in individual instances from the assumptions and estimates made if the general conditions unfold in contrast to the expectations at the balance sheet date. Revisions to estimates are incorporated once improved knowledge is obtained.

With regard to the general assumptions and estimates used of circumstances beyond the aforementioned, we refer to the following general remarks in this chapter as well as in the Notes to the Group Income Statement and Group Balance Sheet and Other Information.

In compiling the Group financial statements judgments with regard to the accounting of cash flow hedges have been made in the process of applying accounting policies.

Net Sales.

Net sales are derived from the business streams Hardware as well as Software/Services. Included in the business stream Software is revenue from software licenses and software-related services (professional services). The business stream Services comprises product-related services and high-end services like Managed Services and Outsourcing.

Net sales from the delivery of hardware and software licenses are recognized as soon as the entity has transferred to the customer the significant risks and rewards of ownership. Within this context, Diebold Nixdorf AG retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control. The amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the enterprise. No net sales are recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Net sales from professional services, product-related and high-end services are recognized when the service is rendered, insofar as the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the enterprise. In the case of maintenance agreements, net sales are recognized on a straight-line basis over the contract terms as this measures the services performed most reliably. With long-term Professional Services contracts partial performances that are referring to proportionate allocable considerations are generally stipulated. Net sales are recognized when the partial performances have been rendered and accepted based on the conditions specified in the contract.

In case of multiple-component contracts with a determinable amount for subsequent services for software and services, the related revenues are deferred and recognized as income over the period of the contract. Amounts are normally recognized as income according to the service provision.

Net sales are generally stated net of sales taxes, other taxes, and sales deductions as discounts and allowances at the fair value of the consideration received or to be received.

Income from operating leases and finance leases is recognized based on the provisions of IAS 17.

Cost of Sales.

The cost of sales includes costs of the sale of products and services as well as purchase costs of the sale of merchandise. In addition to direct material and production costs, the cost of sales comprises overheads, including the pro-rata consumption of intangible assets and property, plant and equipment.

Research and Development Expenses.

Research expenses are not to be capitalized. Research expenses are therefore recorded in profit or loss once incurred.

Development expenses of the Group are capitalized if certain criteria of IAS 38.57 are met cumulatively. Under these rules, capitalization is required whenever development expenses may be reliably measured, the product or procedure are technically feasible, future economic benefits are probable, and the Group intends and disposes of sufficient resources to complete the development and to use or sell the asset.

Capitalized development expenses are valued at cost of acquisition or production, less scheduled depreciation and impairment losses. Upon receipt, advances or reimbursements are deducted from development expenses.

Non-capitalized development expenses are recorded in profit or loss once incurred. This refers to the major part of the research and development expenses of the Group and concerns enhancements and improvements of already existing products. These do not comply with the criteria of IAS 38 for separate capitalization of development expenses.

Borrowing Costs.

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and therefore are part of the cost of that asset.

Government Grants.

Government grants are recognized only if there is a reasonable assurance that the associated conditions will be met and the grants will be received. Basically, grants related to assets are reported as a reduction of cost of the assets concerned with a corresponding reduction of depreciation and amortization in subsequent periods. Grants related to income (e.g., grants from the Federal Employment Agency) are stated as a reduction of the corresponding expenses in the periods in which the expenses the grant is intended to compensate are incurred. During the year under review, government grants related to income came to €1,160k (2016/2017: €1,358k) and are reported in principle in the Group income statement under its related functional costs (cost of sales, research and development expenses and selling, general and administration expenses).

Taxes.

In fiscal 2016/2017, a control (also referred to elsewhere as "domination" – the term officially used under IAS/IFRS is "control") and profit transfer agreement came into force between Diebold Nixdorf AG and Diebold Nixdorf Holding Germany Inc. & Co. KGaA (formerly „Diebold Holding Germany Inc. & Co. KGaA“, in the following „Diebold Nixdorf KGaA“), a wholly-owned subsidiary of Diebold Nixdorf, Inc., upon entry in the Commercial Register at the District Court of Paderborn. Due to the thus resulting inclusion of Diebold Nixdorf AG and the domestic entities formerly belonging to the tax group of Diebold Nixdorf AG in the consolidated tax group of Diebold Nixdorf KGaA in respect of taxes on income, any liability for income tax payments relating to Diebold Nixdorf AG expired. All profits of the domestic tax group are now legally subject to taxation in respect of Diebold Nixdorf KGaA, which is not included in the consolidated financial statements of Diebold Nixdorf AG.

The provisions set out in IAS 12 do not include explicit regulations concerning the recognition of tax expense incurred by domestic consolidated tax groups belonging to the Diebold Nixdorf AG Group. With this in mind, when preparing the consolidated financial statements of Diebold Nixdorf AG, irrespective of an actual liability in respect of taxation, all tax expense attributable to domestic consolidated tax groups belonging to the Group were accounted for in the consolidated financial statements of Diebold Nixdorf AG. Therefore, rather than adopting a position based on the formal procedures of the law, the Company decided to allocate the relevant tax items from an economic/commercial (i.e., substance over form) perspective. The method chosen is based on the notional existence (i.e., legal fiction) of a separate/independent liability in respect of taxation on the part of controlled entities belonging to the Group. Consequently, all effects of taxation relating to these entities were accounted for in the consolidated financial statements of Diebold Nixdorf AG. This includes the recognition of current taxes as well as the aspect of accounting for tax risks and possible tax back payments or refunds for prior periods, in addition to the concomitant effects in regard to deferred taxes. In the case of the tax fiction outlined above, no obligations have arisen within the Diebold Nixdorf AG Group in a legal sense. Therefore, the capital reserves were increased by an amount equivalent to the tax expense recognized in respect of tax expense incurred by the controlled entities.

Income taxes comprise both current and deferred taxes. Taxes are recorded in the Group income statement unless they refer to items directly recorded under shareholders' equity, in which case the corresponding taxes are also entered under shareholders' equity without any effect upon profit.

Current income taxes are taxes expected to be payable for the year, on the basis of tax rates valid in the year in question, plus any tax corrections for previous years.

Deferred taxes are reported in respect of temporary differences between the values, for tax purposes, of assets and liabilities and their values in the Group financial statements. In addition, deferred tax assets in respect of the future utilization of tax losses carried forward are shown. Deferred tax assets on temporary differences and tax losses carried forward are recognized to the extent that it is probable that sufficient taxable income will be available in order to use them. The deferred taxes are shown at the rates of tax that will be effective under applicable law at the time at which the temporary differences are predicted to turn around, or at which the tax losses carried forward can probably be used.

Deferred taxes on “outside basis differences” are not recognized if a reversal of the difference is not expected in the foreseeable future and the parent entity is able to control the timing of the temporary differences.

Offsetting of deferred tax assets and deferred tax liabilities is performed if the positions are related to income taxes, which are levied by the same tax authorities, for which the Group has a right to set off the recognized amounts and which arise for the same companies or within the same tax group, respectively.

Other taxes, such as capital-based taxes and energy taxes, have been included in the respective expense items by function. The cash compensation payable by Diebold Nixdorf KGaA to non-controlling interests (i.e., minority shareholders) of Diebold Nixdorf AG, which is taxable by Diebold Nixdorf AG as the controlled entity in accordance with Section 18 of the German Corporation Tax Act (Körperschaftsteuergesetz), also results in other taxes. These are to be estimated with regard to the duration of the domination and profit transfer agreement and in respect of the cash compensation probably payable during this period; said amounts shall be accounted for as other liabilities through a reduction in capital reserves. In fiscal 2016/2017, therefore, a total of €18,098k was recognized as other liabilities for the five-year term of the domination and profit transfer agreement.

Intangible Assets.

Intangible assets are accounted for at cost and, as the useful lives are, with the exception of goodwill, finite, amortized in a scheduled manner in equal annual amounts over the relevant utilization period. If there are indications of impairment of intangible assets, they are tested for impairment (see

“Impairment”) and, if necessary, written down. The write-downs are reversed with effect on profit, if the reasons for the impairment losses no longer apply, to the maximum of amortized costs.

The amortization period for commercial patents and licenses is a maximum of five years, for internally generated intangible assets the amortization period is three years.

The amortization as well as impairment losses of intangible assets are included in the Group income statement under the functional costs (cost of sales, research and development expenses, and selling, general and administration expenses).

As in the previous year, there were no reversals of impairment losses on intangible assets. No borrowing costs were recognized as a cost component of intangible assets during the year under report.

According to IFRS 3, goodwill is not amortized on a scheduled basis, only if a need for impairment loss exists. A recorded impairment loss on goodwill may not be reversed in subsequent periods.

Property, Plant and Equipment.

Property, plant and equipment are valued at cost of acquisition or production, less scheduled depreciation and impairment losses. They were not revalued in accordance with the option under IAS 16.

If there are indications of impairment of items of property, plant and equipment, they are tested for impairment (see Impairment) and, if necessary, written down. The write-downs are reversed, if the reasons for the impairment losses no longer apply, to the maximum of amortized costs.

The cost of acquisition comprises the acquisition price, ancillary costs, and subsequent acquisition costs, less any reduction received on the acquisition price. Production costs include direct costs as well as proportionate indirect costs.

Business and factory premises are amortized over a maximum of 50 years, plant and machinery over an average of ten years, other fixed assets and office equipment mainly over five years, and products leased to customers as per the terms of the relevant contract. Property, plant and equipment are mainly depreciated using the straight-line method, in accordance with economic utilization. If parts of single assets have different useful lives, they are separately depreciated on a scheduled basis.

The depreciation of the fiscal year as well as impairment losses are included in the Group income statement under the functional costs (cost of sales, research and development expenses, and selling, general and administration expenses).

Expenses for the repair of property, plant and equipment, such as ongoing maintenance costs, are normally recognized in income. The cost of acquisition or construction is capitalized if a repair will result in future economic benefits.

As in the previous year, there were no reversals of impairment losses on property, plant and equipment. No borrowing costs were recognized as a cost component of property, plant and equipment during the year under review.

Impairment.

With the exception of inventories (see Reworkable Service Parts and Current Inventories) and deferred tax assets (see Taxes), the book values of assets held by the Group are checked on each balance sheet date for indicators favoring impairment. Where such indicators exist, the settlement value of the assets (recoverable amount) is estimated and where necessary devaluation is made with a corresponding charge to the Group income statement.

According to IAS 36, goodwill is tested for impairment annually, or if an indication for impairment exists, by the execution of an impairment test. In doing so, the carrying amount of a cash-generating unit or a group of cash-generating units ("cash-generating unit") is compared with the recoverable amount. The recoverable amount of a cash-generating unit is the greater of fair value less costs to sell and value in use. If the recoverable amount of a cash-generating unit is lower than its carrying amount, a goodwill impairment loss is recorded in the amount of the difference.

The goodwill derived from the carve-out of the Siemens Group has been allocated to the operating segments Retail and Banking. As of September 30, 2017, the aggregate carrying amounts of material goodwill amount to €200,359k (2015/2016: €204,554k) for "Banking Carve-out" and to €85,868k (2015/2016: €87,666k) for "Retail Carve-out." Goodwill resulting from subsequent acquisitions has been individually allocated to the areas within the segments Retail and Banking. These cash-generating units refer to the lowest level within the Diebold Nixdorf AG Group at which goodwill is monitored for management purposes. As of September 30, 2017, goodwill allocated to cash-generating unit "Banking Europe" amounts to €34,978k (2015/2016: €37,398k), the total amount of the remaining goodwill is €18,980k (2015/2016: €18,937k).

In the case of Diebold Nixdorf AG, the recoverable amount equals the value in use, which is determined by the discounted cash flow method. The basis for the determination of future cash flows is data from the detailed Group planning for the periods until 2019/2020. The cash flow projections take into account past experience, current operating profits and influences of expected future market developments of the respective segments and geographical sub markets. A slight increase in cash flow is expected for all cash-generating units to which a material carrying amount of goodwill is assigned. Possible future cash flows from acquisitions are not included. The assumptive continual growth of 0.75% (2015/2016: 0.75%) for perpetuity complies with the general expectation of the business development of the cash-generating units.

The compulsory weighted average cost of capital for impairment testing is determined by the Capital Asset Pricing Model. The cost of capital is composed of a risk-free interest rate and the market risk premium. Moreover, the beta derived from the peer group, the debt capital spread as well as the capital structure is considered. Furthermore, tax rates attributable to the cash-generating units and country risks are included.

In fiscal 2016/2017, no impairment was necessary. There are also no indications for impairment under consideration of sensitivity analyses of possible changes in key assumptions (long-term growth rate and discount rate).

The following table presents the key assumptions used for the impairment test of the cash-generating units in order to determine the value in use:

€k

	2016/2017			2015/2016		
	Goodwill	Long-term growth rate	Interest rate	Goodwill	Long-term growth rate	Interest rate
Banking (Carve-out)	200,359	0.75%	12.7%	204,554	0.75%	11.7%
Retail (Carve-out)	85,868	0.75%	12.7%	87,666	0.75%	12.1%
Banking Europe	34,978	0.75%	13.5%	37,398	0.75%	12.3%
Other cash-generating units	18,980	0.75%	8.5 - 13.5%	18,937	0.75%	9.3 - 13.1%
Total	**340,185**			**348,555**		

Leasing.

A lease is an agreement whereby the lessor assigns to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are classified as either finance or operating leases. Leasing transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leasing agreements are classified as operating leases.

Where Diebold Nixdorf AG is the lessor in an operating lease, the lease payments received are recognized in income. The leased asset remains on the balance sheet of the Company.

Where Diebold Nixdorf AG is the lessee in an operating lease, the lease payments are expensed.

Where Diebold Nixdorf AG is the lessor in a finance lease, the net investment in the lease is reflected in sales and a leasing receivable is recognized. The lease payments received are divided into the principal portion and the interest income using the effective-interest method.

Where Diebold Nixdorf AG is the lessee in a finance lease, the leased asset is capitalized at the lower of the fair value or present value of the minimum lease payments at the beginning of the lease term, and simultaneously recognized under financial liabilities. The minimum lease payments essentially comprise financing costs and the principal portion of the remaining obligation. The leased asset is depreciated by the straight-line method over the estimated useful life or the shorter lease term. The lease payments to be made are divided into the principal portion and the interest expense using the effective-interest method.

Leasing agreements where Diebold Nixdorf AG is the lessor in an operating lease or finance lease are agreements in connection with the rental of ATMs and POS systems.

Reworkable Service Parts and Current Inventories.

Reworkable service parts and current inventories are valued at purchase or production cost, or at lower net realizable value.

The purchase cost of reworkable service parts, raw materials, supplies, and merchandise is calculated using the average valuation method.

In accordance with IAS 2 “Inventories,” pro-rata material costs and production overheads (assuming normal utilization), including depreciation on production equipment and production-related social security costs, are included along with production material and production wages in the production cost of reworkable service parts and finished and unfinished products. Interest on loan capital is not capitalized.

Write-downs for inventory risks are undertaken to an appropriate and adequate extent. Lower net realizable values are used where required. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the reasons for a lower valuation no longer apply to inventories that have formerly been written down and the net selling price has therefore risen, the reversal of the write-down is recognized in the Group income statement as a reduction of cost of sales.

As of the balance sheet date, there were no substantial orders that would require capitalization in accordance with IAS 11 “Construction Contracts.”

Other Receivables and Liabilities.

Non-financial assets and liabilities as well as accrued items and advance payments are carried at amortized costs.

Financial instruments.

Basic Information.

Financial assets are recognized if Diebold Nixdorf AG has a contractual right to receive cash or other financial assets from another party. Financial liabilities are recognized if Diebold Nixdorf AG has a contractual obligation to transfer cash or other financial assets to another party. Purchases and sales of financial assets are basically recognized as of the settlement date. However, purchases and sales of securities are accounted for with the settlement price and derivatives with the acquisition costs at trade date.

Financial assets and liabilities are initially measured at fair value. The carrying amount of financial instruments that are not measured at fair value through profit or loss in subsequent periods includes also the directly attributable transaction costs.

Diebold Nixdorf AG does not use the option to categorize financial assets or financial liabilities at fair value through profit or loss (Fair Value Option (FVO)) when initially recognized, with the exception of the issue described in Notes ▶ 10 and ▶ 22.

Subsequent measurement of financial instruments recognized in the Group accounts is in line with the measurement categories defined in IAS 39 “Financial Instruments: Recognition and Measurement”:

- Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (FVO and held for trading (HfT)): at fair value
- Held-to-Maturity Investments (HtM): at amortized cost
- Loans and Receivables (LaR): at amortized cost
- Available-for-Sale Financial Assets (AfS): at fair value or at cost
- Financial Liabilities at Amortized Cost (FLAC): at amortized cost

There were no reclassifications between the different IAS 39 measurement categories in the year under review.

Financial assets and liabilities are reported without being offset. They are only offset when there is a legal right to do so and the enterprise intends to settle them on a net basis. The recognized carrying amount of current financial assets and liabilities is an appropriate estimate of the fair value.

If there are objective or substantial indications of impairment of a financial asset, an impairment loss is recognized in profit or loss and presented on separate accounts for impairment losses. The carrying amounts of financial assets not carried at fair value are examined for impairment requirements both individually (specific allowances for impairment losses) and in groups with similar default risk profiles (specific impairment allowances calculated on a portfolio basis). Objective evidence includes, for example, considerable financial difficulty of the debtor obligor, disappearance of an active market, and significant changes in the technological, market, economic, or legal environment. A significant or prolonged decline in fair value of an equity instrument is objective evidence of impairment. The expenses are recorded in profit and loss under the functional costs. Appropriate risk provisioning was recognized for all discernible risks of default. The theoretically maximum remaining risk of default of financial assets is therefore the same as their recognized carrying amounts.

Financial assets are derecognized when the contractual rights to cash flows end or substantially all the risks and rewards of ownership are transferred to another party. Financial liabilities are derecognized when the contractual obligation is settled or legally revoked.

Net gains and losses from financial instruments include changes of write-downs and foreign currency valuation effects recognized in net profit on operating activities and interest income and expenses recognized in the financial result.

For information on risk management please refer to Note ▶ 22 and/or to the Group Management Report.

Investments.

IAS 39 divides these financial instruments into the categories of “financial assets at fair value through profit or loss”, “held to maturity”, “available for sale” or ”loans and receivables”. Investments measured and managed internally at fair value and designated accordingly on initial recognition are categorized as financial assets at fair value through profit or loss. Investments whose fair value may be reliably measured are classified as “available-for-sale financial assets” and measured at fair value; changes in fair value will be recognized in other comprehensive income. If this is not possible, investments are measured at cost.

Loans are credits that are classified as “loans and receivables” according to IAS 39. Measurement in subsequent periods is at amortized cost using the effective-interest rate method.

Receivables and Other Assets.

Receivables and other assets are sub-classified into “Trade Receivables” and “Other Receivables and Other Assets.”

First-time recognition of “Trade Receivables” is at fair value plus directly attributable transaction costs. Measurement in subsequent periods is at amortized cost using the effective-interest rate method due to the “loans and receivables” measurement category.

“Other Receivables and Other Assets” comprise both non-financial assets and financial assets including derivative financial instruments. With the exception of derivative financial instruments, financial assets are measured at fair value plus directly attributable transaction costs at first-time recognition. They are assigned to the “loans and receivables” category under IAS 39, and are measured at amortized cost using the effective-interest rate method in subsequent periods. Non-financial assets are measured in line with the respective applicable standard.

Cash and Cash Equivalents.

Cash and cash equivalents include marketable securities as well as cash in hand and cash at bank and checks. Cash on hand and bank balances are measured at fair value plus directly attributable transaction costs at first-time recognition. They are assigned to the “loans and receivables” category under IAS 39, and are therefore measured at amortized cost in subsequent periods using the effective-interest rate method. Foreign currency stocks are valued at their mid-price on the balance sheet date. Bank balances and securities included in cash and cash equivalents have a remaining term of up to three months on acquisition.

At Diebold Nixdorf AG, securities are principally allocated to the categories “financial assets at fair value through profit or loss” or “available-for-sale financial assets.” Both categories are initially and subsequently measured at fair value. In order to determine the fair value of marketable securities at the balance sheet date, respective quotations of banks have been obtained and market prices of trading systems have been used. Changes in value of the securities classified as “financial assets at fair value through profit or loss” are recorded in finance income and finance costs. Changes in securities classified as “available-for-sale financial assets” are shown within equity under consideration of deferred tax effects. At the selling date, realized gains or losses are recorded in finance income and finance costs.

Financial Liabilities.

Primary financial instruments include financial liabilities, trade payables and non-derivative other financial liabilities. Trade payables and non-derivative other financial liabilities include amounts for outstanding invoices and deferred staff liabilities. In accordance with IAS 39, primary financial liabilities are stated at fair value at initial recognition, considering directly attributable transaction costs. Measurement in subsequent periods is at amortized cost using the effective-interest rate method.

Derivative Financial Instruments.

Derivative financial instruments of the Group comprise hedging instruments used to manage interest rates and exchange rate fluctuations. These instruments serve to reduce income volatility. No derivatives are held for trading purposes. Nevertheless, derivatives not meeting the requirements for hedge accounting in accordance with IAS 39, or for which the hedged item no longer exists, are classified as “held for trading.”

The scope of hedge accounting by financial derivatives comprises recognized, pending and highly probable hedged items. In accordance with IAS 39, derivatives meet the recognition criteria for assets and liabilities, as a result of which they must be capitalized (other assets) or expensed (other liabilities) at fair value.

Derivative transactions are accounted for at acquisition cost at the trading date, in general, acquisition costs of derivative transactions equal their fair values at that date. In subsequent periods, they are capitalized at their fair values. Resultant profits or losses flow through to profit for the period in question where the requirements for cash flow hedge accounting are not met. If hedging relationships are effective, the amounts of profit are under consideration of deferred tax effects credited (and losses charged) to equity, with no effect on profit or loss. The reclassification from equity to Group income statement takes place when the hedged item is recognized in income, or is no longer expected to occur.

Accruals for Pensions and Similar Commitments.

Accruals in respect of beneficiaries' and pensioners' pension obligations are created using the projected unit credit method. This method takes account not only of known pensions and known earned future pension entitlements at the balance sheet date, but also of expected future increases in pensions and salaries having estimated the relevant influencing factors.

Plan assets measured at fair value are netted with directly related pension obligations. A negative net obligation arising from prepaid future contributions is only recognized as an asset to the extent that a cash refund from the plan or reductions of future contributions to the plan are available ("asset ceiling"). Any exceeding amount is recognized in equity in the period when it is incurred. The interest on plan assets and defined benefit obligations is calculated with a single interest rate in accordance with the provisions of IAS 19.

According to IAS 19.83 the discount rate used to discount accruals for pensions and similar commitments has to be determined at each valuation date. The discount rate is based on the market yields on high-quality corporate bonds and with that at low-risk. The terms of the corporate bonds have to be consistent with the estimated terms of the obligations. The discount has been calculated based on RATE:Link (prior year "Mercer Yield curve approach" (MYC)) to apply a consistent approach with Diebold Nixdorf, Inc. For Germany the calculated discount rate based on RATE:Link is 1.5%. According to MYC the applicable discount rate would have been 1.6% for Germany. If the former method MYC was used, the obligations as of September 30, 2017 would be lower by approximately €3.3million.

Pension expenses are recorded immediately in the relevant year's profit for the period. Service cost is presented in the functional costs and net interest on net defined benefit liability in the financial result. Effects from remeasurements of the net defined benefit liability are fully recognized in the fiscal year in which they occur. They are reported as a component of other comprehensive income in the statement of comprehensive income. They remain outside profit or loss in subsequent periods as well.

Other Accruals.

Other accruals are created on the balance sheet in respect of legal or constructive obligations to third parties resulting from past events, as well as for onerous contracts where the outflow of funds to settle such obligations is probable and can be estimated reliably.

Other accruals are measured in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or IAS 19 "Employee Benefits." The values used for such accruals are based on the best estimate. Where required, accruals are stated net of unaccrued interest. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

Accruals for restructuring costs are recognized in accordance with IAS 37.70 et seq. when the Group has a detailed formal plan for the restructuring and has notified the affected parties. Those accruals only cover expenses that arise directly from restructuring measures, are necessary for restructuring, and are not related to future business operations.

Where income from an order does not cover prime cost, accruals are created for onerous contracts to the value of the variance between income and expenses.

Where delay and contract penalties are agreed in contracts for the supply of goods and/or services, and where the incurrence of penalties is probable in the light of the current position, a corresponding accrual for delay and contract penalties is created.

Share-based Payment Transactions.

Share options, i.e., share-based payment transactions settled by the issuance of equity instruments, are measured at fair value at the grant date. The fair value of the obligation is recognized during the vesting period as a personnel expense and in equity. The fair value is obtained using the internationally recognized Black-Scholes formula.

Share-based payment includes liability-based payment plans, which are settled in cash.

The liability-based payment plans are measured at fair value as of each balance sheet date until they are settled, and the obligation is recognized under other financial liabilities.

The result to be recognized in the reporting period equates to the change in the fair value of the liability between the balance sheet dates plus the dividend equivalent paid out in the reporting period and is recognized under functional costs.

Additional explanation for share-based payment transactions can be found under “Liabilities” (Note ▶ 21).

Disposal Groups

The Group recognizes assets and liabilities as disposal groups if the assets and liabilities directly associated with these assets are to be disposed of as a group, by sale or otherwise, and if the criteria set out in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” have been met in their entirety. The assets and liabilities of the disposal group are presented separately in the statement of financial position as "Assets held for sale" and "Liabilities relating to assets held for sale." Reclassifications of intangible assets, property, plant, and equipment, and financial assets are presented in "Other changes" relating to the respective items included in the Fixed Assets Schedule of the Group. The expenses and revenues of a disposal group are included in profit or loss from continuing operations up to the date of disposal, unless the disposal group qualifies for reporting as a discontinued operation.

A disposal group is measured initially according to the relevant provisions set out in IFRS. Subsequently, the resulting carrying amount of the group is compared with the net fair value for the purpose of determining the lower of its carrying amount. Impairments resulting from the initial classification as held for sale as well as subsequent impairment losses and reversals are accounted for in profit and loss up to the amount of the cumulative impairment loss.

If changes to the plan of sale mean that the criteria for classification as a disposal group are no longer met, the separate presentation of assets and liabilities of the disposal group in the line items "Assets held for sale" and "Liabilities relating to assets held for sale" for the prior year is retained; the assets and liabilities of the disposal group are only re-presented under the separate items of the statement of financial position for the annual period under review. In this case, the disposal group is measured at the lower of amortized cost and the recoverable amount. The disposal group also includes goodwill acquired as part of a business combination if the disposal group constitutes a cash-generating unit and goodwill was allocated to this cash-generating unit. If the disposal group only constitutes part of the cash-generating unit, goodwill is allocated to said cash-generating unit on a pro rata basis; it is presented in "assets held for sale."

NOTES TO THE GROUP INCOME STATEMENT.

(1) Net Sales.

Net sales are comprised as follows:

€k

	2016/2017	2015/2016
Hardware	1,004,644	1,134,057
Software/Services	1,357,089	1,444,514
	2,361,733	**2,578,571**

(2) Gross Profit.

Gross margin on net sales amounts to 23.5% (2015/2016: 23.8%) and is 0.3 percentage points lower compared with the previous fiscal year.

The foreign currency gains and losses of €295k (2015/2016: -€5,388k) shown in the Group income statement are essentially comprised within the cost of sales.

(3) Selling, General and Administration Expenses.

These mainly comprise personnel expenses and general costs in selling and administrative departments, plus miscellaneous taxes.

(4) Other operating income/ Other operating expense.

As a consequence of the DN2020 transformation program initiated in fiscal 2016/2017, entities in selected countries were amalgamated in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. As part of these measures, Diebold Nixdorf AG acquired and disposed of specific entities, in addition to disposing of individual assets by means of asset deals.

In fiscal 2016/2017, other operating profit amounted to €25,840k (2015/2016: €24,132k). This figure includes other operating income of €33,949k (2015/2016: €24,132k), which is mainly attributable to two specific factors. First, the deconsolidation of the three entities Wincor Nixdorf N.V., Zaventem, Belgium, Diebold Nixdorf GmbH, Vienna, Austria, and Diebold Nixdorf AG, Brüttisellen, Switzerland, accounts for €28,742k, with all interests in the aforementioned entities having been disposed of in the period under review. Secondly, the disposal of various assets and liabilities within the context of the aforementioned transformation program produced additional "other operating income" of €5,201k. Prior-year other operating income of €24,132k had been attributable to the disposal of interests held in Chinese subsidiaries as well as a company acquisition transacted at a price that was below the market value at the date of acquisition.

Other operating expense totaling €8,109k (2015/2016: €0k) was attributable to the disposal of various assets and liabilities as part of the aforementioned activities and associated impairments recognized immediately prior to disposal, as all transactions were concluded at the fair value of the assets and liabilities at the data of disposal.

(5) Finance Income and Finance Costs.

Finance income and finance costs are comprised as follows:

€k

	2016/2017	2015/2016
Income from securities and other income	160	225
Interest and similar income	2,865	3,378
Finance income	**3,025**	**3,603**
Interest and similar expenses	-4,501	-5,994
Interest element within additions to long-term accruals and other finance costs	-1,110	-2,204
Finance costs	**-5,611**	**-8,198**
	-2,586	**-4,595**

(6) Income Taxes.

€k

	2016/2017	2015/2016
Current taxes on income and profit	-38,923	-42,606
Deferred tax income and expenses	-5,420	5,520
	-44,343	**-37,086**

The amounts for current taxes on income and profit relate, within Germany, to corporate income tax and municipal corporate income tax, plus proceeds from partial release of tax accruals made during the previous year and, in the case of foreign subsidiaries, income-related taxes calculated in accordance with the national tax legislation applicable to the individual companies.

Included in current taxes on income and profit are non-periodic tax expenses of €3,142k.

The deferred taxes are the result of time-related variances in reported values between the tax accounts of individual companies and the values of the Group balance sheet, using the liability method, plus capitalization of tax losses capable of being carried forward. In reviewing the amount of a deferred tax asset recognized in the balance sheet, it is crucial to assess whether it is probable that temporary differences will reverse and tax losses carried forward will be utilized, being the basis for the recognition of deferred tax assets. This is dependent on future taxable profits arising in those periods when taxable temporary differences reverse and tax losses carried forward may be utilized. Based on past experience and the projected development of taxable profit, Diebold Nixdorf AG assumes that the corresponding benefits associated with deferred tax assets will be realized. A deferred tax asset will be recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered. As of September 30, 2017, tax losses carried forward exist in the amount of €41,370k (2015/2016: €19,592k) and temporary differences in the amount of €25k (2015/2016: €1,123k) on which no deferred tax asset has been capitalized. Tax losses amounting to €19,405k for which no deferred tax assets were recognized account for the period until 2025.

Actual tax expenses for Fiscal 2016/2017 are € 4,586k below of (2015/2016: €4,606k below) those which would be expected to be arrived at through the application of the ultimate parent company's tax rate.

As of September 30, 2017, unchanged to the previous year, all German deferred taxes were calculated in respect of temporary differences using a combined tax rate of rounded 30%. The reported value of all deferred taxes on tax losses carried forward was arrived at by using tax rates as, in the previous year, of 14% for municipal corporate income tax and 16% for corporation tax and solidarity tax.

The table below contains a reconciliation of expected net tax expenses to the actual reported tax:

€k

	2016/2017	2015/2016
Profit before income taxes	**163,098**	**138,973**
Expected tax expenses based on a tax rate of 30%	**-48,929**	**-41,692**
Differences from expected tax expenses		
Difference to local tax rates	10,964	10,014
Decreases/increases in tax due to tax-exempt income and non-tax-deductible expenses	4,704	3,199
Corrections relating to other periods and other effects	-4,143	-2,837
Changes of allowances/non-recognition of deferred taxes on current losses and temporary differences	-6,794	-5,752
Usage of deferred tax assets not recognized in previous years	-1	442
Others	-144	-460
Total adjustments	**4,586**	**4,606**
Actual tax expenses	**-44,343**	**-37,086**

The effective tax rate is 27.2% (2015/2016: 26,7%).

The deferred tax assets and liabilities relate to the following balance sheet items:

€k

	Sept. 30, 2017		Sept. 30, 2016	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Intangible assets	20,610	67,758	22,164	66,842
Property, plant and equipment	6,740	698	8,150	970
Investments	566	725	441	600
Inventories	6,960	785	11,129	599
Receivables and other current assets	2,536	5,330	2,867	5,675
Pension accruals	20,882	1,964	32,042	1,363
Other accruals	18,182	1,092	17,581	2,382
Liabilities	7,229	512	20,098	487
Losses carried forward	1,876	0	1,490	0
Other	960	31	859	2,317
	86,541	78,895	116,821	81,235
Netting off of deferred tax assets and liabilities	-58,776	-58,776	-72,109	-72,109
	27,765	**20,119**	**44,712**	**9,126**

The changes in deferred tax assets and liabilities shown above are recognized in profit or loss with the following exceptions, which are charged directly to equity:

In the deferred tax assets to pension accruals revaluations of the net defined liability with an equity increasing effect of €12,623k (2015/2016: €21,398k) are included.

Changes in equity to the fair value of financial instruments that meet the requirements of IAS 39 for hedge accounting had an equity-enhancing effect of deferred taxes in the amount of €256k (2015/2016: €733k) and are presented in the deferred tax liabilities to receivables and other assets in the amount of €1,144k (2015/2016: €1,510k) and the deferred tax assets to liabilities of €1,400k (2015/2016: €2,243k).

(7) Earnings per Share.

Earnings per share are calculated by dividing profit or loss attributable to shareholders of Diebold Nixdorf AG by the weighted average number of shares outstanding.

A dilution of earnings per share due to share-based payment programs is ruled out, as all of the current share-based payment programs (see Note **[21]**) will not be settled in shares but in cash payments, based on contractual agreements with Diebold Nixdorf, Inc.

	2016/2017	2015/2016
Profit attributable to equity holders of Diebold Nixdorf AG (€k)	118,003	100,436
Number of shares outstanding as of October 1 (in thousands)	29,816	29,816
Number of shares outstanding as of September 30 (in thousands)	29,816	29,816
Weighted average number of shares outstanding (in thousands)	29,816	29,816
Diluted earnings per share (€)	**3.96**	**3.37**

NOTES TO THE GROUP BALANCE SHEET.

(8) Intangible Assets.

Changes in intangible assets were as follows:

€k

	Commercial patents and similar rights/items plus licenses to such rights/items	Internally generated intangible assets	Goodwill	Advances made	Total
Cost of acquisition or production					
Balance as of October 1, 2015	**52,336**	**3,706**	**339,688**	**0**	**395,730**
Currency translation	9	0	-1,880	0	-1,871
Additions to consolidation group	9,408	0	13,912	0	23,320
Disposals to consolidation group	-280	0	0	0	-280
Additions	4,341	5,522	0	121	9,984
Transfers	602	0	0	0	602
Disposals	-5,916	0	0	0	-5,916
Balance as of September 30, 2016/ October 1, 2016	**60,500**	**9,228**	**351,720**	**121**	**421,569**
Currency translation	-492	69	-456	0	-879
Additions to consolidation group	287	0	0	0	287
Disposals to consolidation group	-1,343	0	-9,177	0	-10,520
Additions	4,344	12,235	1,593	220	18,392
Transfers	138	0	0	-121	17
Others	0	0	-574	0	-574
Disposals	-5,785	0	-2,620	0	-8,405
Balance as of September 30, 2017	**57,649**	**21,532**	**340,486**	**220**	**419,887**
Depreciation					
Balance as of October 1, 2015	**38,436**	**0**	**3,165**	**0**	**41,601**
Currency translation	89	0	0	0	89
Additions to consolidation group	70	0	0	0	70
Disposals to consolidation group	-214	0	0	0	-214
Depreciation for the fiscal year	9,770	1,235	0	0	11,005
Transfers	18	0	0	0	18
Disposals	-5,916	0	0	0	-5,916
Balance as of September 30, 2016/ October 1, 2016	**42,253**	**1,235**	**3,165**	**0**	**46,653**
Currency translation	-492	0	0	0	-492
Additions to consolidation group	286	0	0	0	286
Disposals to consolidation group	-1,224	0	-1,564	0	-2,788
Depreciation for the fiscal year	7,974	2,292	0	0	10,266
Disposals	-5,785	0	-1,300	0	-7,085
Balance as of September 30, 2017	**43,012**	**3,527**	**301**	**0**	**46,840**
Carrying amount as of September 30, 2017	**14,637**	**18,005**	**340,185**	**220**	**373,047**
Carrying amount as of September 30, 2016	**18,247**	**7,993**	**348,555**	**121**	**374,916**

The additions during fiscal 2016/2017 mainly relate to commercial patents and licenses for outsourcing projects and own infrastructure with €4,344k (2015/2016: €4,341k), internally generated intangible assets with an amount of €12,235k (2015/2016: €5,522k) and €1,593k to goodwill as a result of the Asset Deal with Visio Objekt GmbH. Within the additions of internally generated intangible assets the amount of €5,987k is attributable to the AEVI business unit for the development of new technology in the field of cashless payment and €6,248k to WINCOR NIXDORF International GmbH, Paderborn for software development in regards to operation of ATMs and cashier systems.

The net changes in the consolidation group of patents and licenses are mainly attributable to the acquisition of Diebold ATM Cihazlari Ticaret Anonim Sirketi, (Türkei) and deconsolidation of Diebold Nixdorf GmbH, Vienna (Austria), Diebold Nixdorf AG, Brüttisellen (Switzerland) and Diebold Nixdorf NV, Zaventem (Belgium). In regards to net-disposals of Goodwill are €2,838k attributable to Diebold GmbH, Vienna (Austria), €2,857k to Diebold Nixdorf AG, Brüttisellen (Switzerland) and €1,917k to

Diebold Nixdorf NV, Zaventem (Belgium). The net-changes concerning disposal of goodwill with an amount of €1,320k relate to Wincor Nixdorf Inc., Austin (USA).

(9) Property, Plant and Equipment.

Changes in property, plant and equipment were as follows:

€k

	Land, buildings, and other equivalent rights	Plant and machinery	Other fixed assets and office equipment	Products leased to customers	Equipment under construction	Total
Cost of acquisition or production						
Balance as of October 1, 2015	**53,437**	**54,206**	**302,384**	**14,136**	**2,485**	**426,648**
Currency translation	97	-140	-92	128	1	-6
Additions to consolidation group	5,591	652	41,864	0	30	48,137
Disposals to consolidation group	-54	-6,665	-7,401	0	0	-14,120
Additions	462	1,107	30,777	1,128	3,968	37,442
Transfers	232	0	1,487	0	-2,321	-602
Disposals	-2,433	-6,023	-40,215	-1,912	0	-50,583
Balance as of September 30, 2016/ October 1, 2016	**57,332**	**43,137**	**328,804**	**13,480**	**4,163**	**446,916**
Currency translation	-346	-121	-1,554	-190	-65	-2,276
Additions to consolidation group	4	0	454	0	0	458
Disposals to consolidation group	-1,160	-119	-5,098	-3,160	-8	-9,545
Additions	1,266	136	23,294	414	2,410	27,520
Transfers	0	1,069	862	0	-1,948	-17
Others	-812	-258	-1,451	0	0	-2,521
Disposals	-1,567	-1,527	-9,198	-266	-29	-12,587
Balance as of September 30, 2017	**54,717**	**42,317**	**336,113**	**10,278**	**4,523**	**447,948**
Depreciation						
Balance as of October 1, 2015	**28,368**	**39,805**	**227,427**	**9,919**	**0**	**305,519**
Currency translation	64	-100	19	112	0	95
Additions to consolidation group	4,875	109	35,844	0	0	40,828
Disposals to consolidation group	-28	-5,104	-7,401	0	0	-12,533
Depreciation for the fiscal year	3,259	4,632	36,221	1,388	0	45,500
Transfers	0	0	-18	0	0	-18
Disposals	-2,345	-5,928	-39,450	-1,658	0	-49,381
Balance as of September 30, 2016/ October 1, 2016	**34,193**	**33,414**	**252,642**	**9,761**	**0**	**330,010**
Currency translation	-300	-110	-1,398	-184	0	-1,992
Additions to consolidation group	0	0	129	0	0	129
Disposals to consolidation group	-215	-116	-4,877	-2,606	0	-7,814
Depreciation for the fiscal year	3,081	2,304	33,278	1,107	0	39,770
Others	-809	-171	-1,343	0	0	-2,323
Disposals	-1,300	-2,232	-8,591	-249	0	-12,372
Balance as of September 30, 2017	**34,650**	**33,089**	**269,840**	**7,829**	**0**	**345,408**
Carrying amount as of September 30, 2017	**20,067**	**9,228**	**66,273**	**2,449**	**4,523**	**102,540**
Carrying amount as of September 30, 2016	**23,139**	**9,723**	**76,162**	**3,719**	**4,163**	**116,906**

Additions to property, plant and equipment are valued at €27,520k (2015/2016: €37,442k), with large individual elements of this being other fixed assets and office equipment at €23,294k (essentially IT equipment and specialist tools), and equipment under construction at €2,410k.

Products leased to customers concern ATMs, which are leased in the scope of operating lease contracts. The minimum lease periods are between three and ten years, partially with extension options.

The future minimum lease payments under all non-redeemable lease agreements are as follows:

€k

	Sept. 30, 2017	Sept. 30, 2016
Residual term up to 1 year	8,398	8,313
Residual term between 1 and 5 years	11,139	17,596
Residual term more than 5 years	975	1,601
	20,512	**27,510**

(10) Investments and Investments Accounted for Using the Equity Method.

Among investments non-consolidated subsidiaries, interests, loans, and other receivables are recorded.

The at equity recognized investment in associated company Aisino-Wincor increased in comparison to prior year considering attributable intercompany profit elimination by €1,228k to a total of €10,301k (2015/2016 €9,073k). The held shares amounting to 43.6%.

The 6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG, Paderborn, is – unchanged to the previous year – accounted for "financial assets at fair value through profit or loss (FVO)." The net book value amounts unchanged to prior year to €1,064k as of September 30, 2017 .This investment does not have a quoted market price in an active market; therefore existing contractual settlements were used in order to calculate the fair value.

The 25% interest in CI Tech Components AG, Burgdorf, Switzerland is accounted for as “Available for sale”, because no major influence can be exerted. Fair value of this interest amounts to €2,513k (2015/2016: €2,512k).

In addition investments in non-consolidated subsidiaries amount to €4,851k (2015/2016: €102k).

(11) Reworkable Service Parts.

Where necessary, the lower net realizable value was used, with due regard to selling and production costs still to be incurred. The total book value of reworkable service parts, valued as of September 30, 2017, at their lower of cost and net realizable value, was €32,650k (2015/2016: €29,812k). Write-down of reworkable service parts reported under cost of sales is €2,913k (2015/2016: €6,293k).

(12) Receivables and Other Assets.

Trade receivables are comprised as follows:

€k

	Sept. 30, 2017	Sept. 30, 2016
Trade receivables, gross	342,517	489,244
less: allowance for doubtful accounts	-21,605	-29,804
Trade receivables, net	**320,912**	**459,440**

Trade receivables with an amount of €7,080k (2015/2016: €14,406k) become due after one year.

Allowances for trade receivables have changed as shown in the following table:

€k

	Specific allowances		Portfolio-based allowances		Total	
	2016/2017	2015/2016	**2016/2017**	2015/2016	**2016/2017**	2015/2016
Balance as of October 1	27,072	25,234	2,732	3,452	29,804	28,686
Changes in allowances with effect on profit and loss	-7,601	1,838	-598	-720	-8,199	1,118
Balance as of September 30	**19,471**	**27,072**	**2,134**	**2,732**	**21,605**	**29,804**

On the balance sheet date, trade receivables which are past due but not impaired, exist as follows:

€k

	Past due 1 - 30 days	Past due 31 - 180 days	Past due more than 180 days
September 30, 2017	**37,977**	**51,148**	**772**
September 30, 2016	46,970	51,535	4,277

With respect to trade receivables as at the balance sheet date past due but not impaired, based on credit history and current credit ratings, there are no indications that customers will not be able to meet their obligations. This also applies to the trade receivables that are neither past due at the balance sheet date nor impaired.

Trade receivables comprise receivables from finance leases in the amount of €13,468k (2015/2016: €21,676k). The leasing contracts are originally concluded for a term of up to ten years. Allowances for finance lease receivables amounted to €136k (2015/2016: €145k) in fiscal 2016/2017.

Residual Terms of Present Value of Minimum Lease Payments Receivable.

€k

	Sept. 30, 2017	Sept. 30, 2016
Residual term up to 1 year	6,940	7,270
Residual term between 1 and 5 years	6,484	12,006
Residual term more than 5 years	45	2,400
	13,468	**21,676**

Residual Terms of Total Gross Investment in the Lease.

€k

	Sept. 30, 2017	Sept. 30, 2016
Residual term up to 1 year	7,497	7,978
Residual term between 1 and 5 years	7,269	12,991
Residual term more than 5 years	46	2,419
Unearned finance income	-1,344	-1,712
Present value of minimum lease payments receivable	**13,468**	**21,676**

Other receivables and other assets comprise the following:

€k

	Sept. 30, 2017		Sept. 30, 2016	
	Total	due > 1 year	Total	due > 1 year
Receivables from related companies	36,431	0	65,272	0
Receivables from affiliated companies	77,353	0	11,475	0
Current income tax assets	12,300	0	16,558	0
Other assets	135,880	50,324	117,861	11,781
	261,964	**50,324**	**211,166**	**11,781**

For the first time receivables from affiliated companies of €77,353k include purchase price receivables amounting to €46,625k due to sale of shares held from affiliated companies and sale of assets and liabilities from single affiliates of Diebold Nixdorf AG within Diebold Nixdorf, Inc. Group. The remaining amount of €30,728k results from a general increase in trade volume with affiliated companies.

Other assets include the following items:

€k

	Sept. 30, 2017		Sept. 30, 2016	
	Total	**due > 1 year**	Total	due > 1 year
Sales tax	12,596	0	24,379	0
Surplus of plan assets	21,642	21,642	898	898
Prepaid expenses	32,429	6,981	29,610	4,153
Other	1,812	9	6,032	0
Other non-financial assets	**68,479**	**28,632**	**60,919**	**5,051**
Forward currency transactions	4,418	0	5,118	0
Receivables from employees	769	83	1,089	89
Other	62,214	21,609	50,735	6,641
Other financial assets	**67,401**	**21,692**	**56,942**	**6,730**
	135,880	**50,324**	**117,861**	**11,781**

The other financial assets include €17,781k (2015/2016 €0k) cash and cash equivalents with limited disposability. In addition the other financial assets include receivables in connection with the sale of previously consolidated subsidiaries amounting to €32,295k (previous year: €36,844k).

(13) Deferred Taxes.

Deferred taxes have been accrued for under the "temporary concept" in accordance with IAS 12 “Income Taxes,” using the tax rates in force, approved, and known, as of the balance sheet date.

As of September 30, 2017, these items include deferred tax assets of €27,765 (2015/2016: €44,712k) and deferred tax liabilities of €20,119k (2015/2016: €9,126k), after netting off deferred tax liabilities with deferred tax assets. Deferred tax assets of €1,876k (2015/2016: €1,490k) are the result of the probable future utilization of tax losses carried forward. Further explanatory notes on deferred tax assets are contained in Note ▶ 6.

(14) Inventories.

€k

	Sept. 30, 2017	Sept. 30, 2016
Raw materials and supplies	59,132	62,787
Unfinished goods	19,594	18,545
Finished goods and merchandise	192,000	257,016
Advances made	1,058	1,314
	271,784	**339,662**

Where necessary, the lower net realizable value was used, with regard to selling and production costs still to be incurred. The total book value of inventories valued as of September 30, 2017, at their lower of cost and net realizable value, was €87,369k (2015/2016: €103,232k). Inventory impairment reported under cost of sales is €4,788k (2015/2016: €9,333k).

(15) Cash and Cash Equivalents.

The cash in hand of €13,716k (2015/2016: €9,004k) mainly includes test cash for automated teller machines and cash in connection with customer contracts. Bank demand deposits add up to

€81,363k (2015/2016: €76,050k). Checks amount to €236k (2015/2016: €282k). In addition, cash and cash equivalents of € 9,471k were reported as "Assets held for sale".

(16) Assets held for Sale.

In fiscal 2016/2017 Diebold Nixdorf, Inc. Group started the transformation program „DN2020“. One part of this program is the merge of companies in different countries in order to present a consistent image as Diebold Nixdorf within the market in question and streamline administrative costs that would incur through operating multiple legal entities in one country. Following companies fulfill the IFRS 5 conditions and have to be presented accordingly as disposal group as of September 30, 2017:

- WINCOR NIXDORF (Proprietary) Ltd, South Africa
- WINCOR NIXDORF (Thailand) Co. Ltd
- WINCOR NIXDORF (Philippines) Inc.
- WINCOR NIXDORF India Private Ltd.
- WINCOR NIXDORF SA de CV (Mexico)
- WINCOR NIXDORF Inc. (USA)
- Commercial Units in Latin Amercia (as spart of WINCOR NIXDORF S.L. (Spain))
- Diebold Nixdorf Portugal Unipessoal Lda
- WINCOR NIXDORF Australia Pty. Ltd
- WINCOR NIXDORF Canada Inc.
- WINCOR NIXDORF Soluceos em Tecnilogia da Informacao Ltda. (Brazil)
- WINCOR NIXDORF Dynasty Technology Brasil Software Ltda.

Therefore following main groups have been stated separately in balance sheet under assets and liabilities as “Assets held for sale” and ”Liabilities with regard to assets held for sale“as of September 30, 2017:

€k	Total
Intangible assets as well as propoerty, plant and equipment	772
Inventories	14,681
Trade receivables	27,469
Receivables from affiliated companies	15,592
Current income tax assets	7,165
Deferred tax assets	4,623
Other non-currrent and current assets	4,133
Cash and cash equivalents	9,471
Assets held for sale	**83,906**
Accruals for pensions and similar commitments	32
Non-current and current accruals	7,813
Advances received	316
Trade payables	8,423
Liabilities to affiliated companies	2,458
Financial liabilities to affiliated companies	5,920
Current income tax liabilities	3,507
Other liabilities	12,371
Liabilities with regard to assets held for sale	**40,840**

(17) Group Equity.

The changes in Group equity and individual elements thereof are shown in detail in the “Changes in Group Equity” table.

Distributions.

In contrast to the prior periods, no dividend was declared or paid in respect of the fiscal year under review. Due to the domination (*Beherrschung*, officially referred to under IAS/IFRS as "control") and profit transfer agreement concluded with Diebold Nixdorf KGaA, which came into effect in the annual period under review, Diebold Nixdorf AG is prohibited from using for the purpose of a dividend payout its unappropriated retained earnings (*Bilanzgewinn*, i.e., its distributable profit) or any retained profits brought forward or other reserves created prior to the coming into effect of the domination and profit transfer agreement.

The domination and profit transfer agreement includes an obligation toward minority shareholders (i.e., non-controlling interests) of Diebold Nixdorf AG for the duration of the domination and profit transfer agreement in the form of a recurring compensation in cash. For each full fiscal year of Diebold Nixdorf AG the aforementioned shareholders shall receive, per Diebold Nixdorf AG no-par-value bearer share ("Stückaktien" governed by German law), each representing a notional value of €1.00 in share capital, a gross amount of €3.13 ("Gross Compensation Amount"), less possible deductions for corporation tax (*Körperschaftsteuer*) and solidarity surcharge (*Solidaritätszuschlag*) according to the tax rate applicable in respect of these taxes for the financial year in question ("Net Compensation Amount"). This deduction is to be made only in respect of any portion contained within the Gross Compensation Amount that relates to profits that are subject to German corporate income tax. When rounded to a full-cent amount in accordance with commercial practice, this portion amounts to €1.97 per Diebold Nixdorf AG share. Based on the circumstances at the time of the conclusion of the domination and profit transfer agreement, this results in a recurring compensation of €2.82 for each Diebold Nixdorf AG share for an entire fiscal year of Diebold Nixdorf AG. For the avoidance of doubt, it is agreed that any withholding tax (such as capital gains tax plus solidarity surcharge thereon) shall be withheld from the net compensation amount to the extent required by law.

The recurring compensation is due on the first banking day following the respective Annual General Meeting of Diebold Nixdorf AG for the preceding fiscal year, but in any event within eight months following the conclusion of the respective fiscal year. The next Annual General Meeting of Diebold Nixdorf AG is scheduled to take place in May 2018.

During fiscal 2016/2017, and amount of €50,986k or €1,71 per entitled share was paid out to shareholders of Diebold Nixdorf AG. Additionally, under the terms of the domination and profit transfer agreement, Diebold Nixdorf AG is obliged to transfer to Diebold Nixdorf KGaA its fiscal 2016/2017 profit under commercial law (before profit/loss transfers) totaling €123,623k as of September 30, 2017, this amount had not been paid out to Diebold Nixdorf KGaA.

Capital Management.

As a matter of principle, Diebold Nixdorf AG pursues the Group’s reported equity only as a passive management parameter due to contractual profit and loss transfer agreement (DPLA) with Diebold

Nixdorf KGaA in fiscal 2016/2017, because the aim of generating an appropriate return on capital through the contractual agreed profit and loss transfer of Diebold Nixdorf AG cannot be pursued any longer.

Subscribed Capital.

The capital stock is divided into 33,084,988 no-par shares ("Stückaktien" governed by German law). All shares issued up to and including September 30, 2017, are fully paid-up. Each share is granted equal voting rights and equal dividend entitlement. Changes in the number of shares issued and entitled to dividend were as follows:

Balance as of October 1, 2016 / September 30, 2017	**29,816,211**
Weighted average of shares in fiscal 2016/2017	29,816,211

Treasury Shares.

As of September 30, 2017, the total number of treasury shares held by the Company was 3,268,777. This equals 9.88 % of the subscribed capital. The acquisition costs (including ancillary costs of acquisition to the amount of €111k) amounting to €173,712k were deducted in full from equity.

Authorized Share Capital.

As the result of a resolution at the annual general meeting (in the following "AGM") on January 20, 2014, the Board of Directors has been authorized to increase the Company's share capital with the Supervisory Board's approval by up to €16,542,494 through the issue for cash and/or contributions in kind of new ordinary bearer shares under single or multiple initiatives up to January 19, 2019.

Contingent Share Capital.

The share capital is conditionally increased by up to €1,654,249, divided into up to 1,654,249 bearer shares (Contingent Share Capital I 2014). This Contingent Share Capital increase is to be used exclusively to cover stock options issued to members of the Company's Management Board, board members of subordinate associated companies within and outside of Germany, and to other executives and employees of the Company and its subordinate associated companies, as specified in detail in the authorization resolved by the AGM on January 20, 2014, and as detailed in the authorization resolved by the AGM on January 20, 2014, in the version amended by AGM resolution on January 25, 2016. It shall only be effected to the extent that bearers of share options exercise their right to subscribe for Company shares and the Company does not provide the consideration in cash or by means of its own shares. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued. Should the issue take place before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well.

The share capital is conditionally increased by up to €10,000,000, divided into up to 10,000,000 bearer shares (Contingent Share Capital II). The Contingent Share Capital increase to create Contingent Share Capital II shall be carried out only insofar as the holders of option or conversion rights, or the parties who have conversion/option obligations from participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds that are issued or guaranteed up to January 20, 2018, by the Company or a dependent group company of the Company within the meaning of Section 17 German Stock Corporation Act (AktG), pursuant to the authorization adopted by the AGM on January 21, 2013, make use of their option or conversion rights or, if they have conversion/option obligations, fulfill their conversion/option obligation. The new shares shall be issued at the option or conversion price to be defined in accordance with the above authorization adopted. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued pursuant to the exercise of option and conversion rights or fulfillment of option or conversion obligations. If they are issued before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well. The Board of Directors is authorized, with the consent of the Supervisory Board, to define the further details of the Contingent Share Capital increase.

Authorization to issue participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants and/or income bonds and to exclude the subscription right.

The Board of Directors was authorized by the AGM on January 21, 2013, with the consent of the Supervisory Board, once or several times up to January 20, 2018,

- to issue bearer participatory certificates (i) to which bearer participatory certificates with warrants are attached or (ii) that are attached to a conversion right for the holder for a maximum term of 20 years as of their issue, and to grant option rights to the holders of participatory certificates with warrants and conversion rights to the holders of convertible participatory certificates to bearer shares in the Company as detailed by the conditions of the participatory certificates with warrants or convertible participatory certificates

and instead of or in addition

- to issue bearer bonds with warrants and/or bearer convertible bonds and/or bearer income bonds (hereinafter referred to jointly as “bonds with warrants and/or convertible bonds”) with a maximum term of 20 years and to grant option rights to the holders of bonds with warrants and conversion rights to the holders of convertible bonds to bearer shares in the Company as detailed by the conditions of the bonds with warrants or convertible bonds.

The aggregate principle amount of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to be issued under this authorization shall not exceed €500,000,000. Option rights or conversion rights shall only be issued for Company shares that account for a maximum total of €10,000,000 of the capital stock.

The Board of Directors was also authorized to exclude the subscription right of shareholders in certain cases.

For details and other conditions to the authorization and exclusion of the subscription right, please refer to the section “Takeover-related Disclosures” of the Group Management Report.

Retained Earnings.

Other retained earnings contain the cumulative profits made by the subsidiary companies included in the Group financial statements, the profit for the period, other consolidation reserves, reserves resulting from expired share-based payment programs, actuarial gains and losses recognized in other comprehensive income, and effects of the limit on plan assets as well as corresponding deferred tax effects.

Other Components of Equity.

Other components of equity consist of all amounts recognized directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognizing changes in the fair value of derivative financial instruments directly in equity, deferred taxes on items recognized directly in equity, as well as the additional funds received from the issue of shares.

Other Comprehensive Income.

The table below presents the development of other comprehensive income and the associated tax effects:

Tax Effects Other Comprehensive Income. €k

	2016/2017			2015/2016		
	Gross result	**Taxes**	**Net result**	Gross result	Taxes	Net result
Cash flow hedges	1,592	-478	1,114	8,266	-2,403	5,863
Exchange rate changes - reclassified to profit or loss	-5,219	0	-5,219	-13,648	0	-13,648
Actuarial gains and losses	38,127	-8,988	29,139	-36,322	9,326	-26,996
Other comprehensive income	**34,500**	**-9,466**	**25,034**	**-41,704**	**6,923**	**-34,781**

(18) Non-controlling Interests.

All non-controlling interests are presented in detail in the “Changes in Group Equity” table.

The major non-controlling interests are the shares in the AEVI subgroup. The parent company is AEVI International GmbH, Paderborn. The summarized financial information according to IFRS constitutes information before eliminations between the other entities of the Group:

AEVI - Subgroup €k

	2016/2017	**2015/2016**
Net sales	70,325	78,658
Profit for the period	-5,759	1,799
Profit attributable to non-controlling interests	-769	240
Cash flow from operating activities	-12,849	2,167
Cash flow from investment activities	-6,069	-6,172
Cash flow from financing activities	-13,683	36,085
	Sept. 30, 2017	**Sept. 30, 2016**
Non-current assets	12,538	8,520
Current assets	45,788	58,518
Non-current liabilities	12,916	10,920
Current liabilities	18,075	23,162
Net assets	27,335	32,956
Net assets of non-controlling interests	19,660	20,411

(19) Accruals for Pensions and Similar Commitments.

For certain groups of employees of Diebold Nixdorf AG, post-employment benefit schemes are available. Schemes vary depending on the legal, economic, and tax environments of the respective country. They are primarily designed as defined benefit plans, but also as defined contribution plans. For defined benefit plans accruals for pensions and similar commitments are recorded for the net defined liability after taking account of amounts recognized as asset:

€k

	Sept. 30, 2017	Sept. 30, 2016
Present value of unfunded obligations	49,472	55,863
Present value of funded obligations	257,710	498,615
Fair value of plan assets	-253,784	-472,991
Effect of the asset ceiling	0	201
Net defined benefit liability	**53,398**	**81,688**
Therein amount recognized as asset	21,642	898
Accruals for pensions and similar commitments	**75,040**	**82,586**

The over-funding (amount recognized as asset) of €21,642k (2015/2016: €898k) is presented under other non-current assets.

Defined benefit plans.

The significant defined benefit plans are arranged for employees in Germany. There are inter alia also defined benefit plans in the United Kingdom, France and Switzerland. In Germany, post-employment benefit schemes are set up as employer funded pension plans as well as deferred compensation plans.

As part of intra-Group reorganization a Belgium and a Swiss legal entity have been sold. These entities are no longer part of the consolidation group of Diebold Nixdorf AG, thus the total benefit obligation is reduced by the amount according to the benefit plans associated with these companies. In addition the obligations for Netherlands have been transferred from a benefit plan to a contribution plan in fiscal year.

With regard to employment law, the employer funded pension commitments in Germany are based upon direct performance-related commitments in terms of defined contribution plans. Each beneficiary receives, depending on individual pay-scale grouping, contractual classification, or income level, different yearly contributions. The contribution is multiplied by an age factor appropriate to the current pension scheme and credited to the individual retirement account of the employee. The retirement accounts may be used up at retirement by either a one-time pay-off or payments of ten years' installments at maximum. Insured events are disability, death and reaching of retirement age.

In June 2006, Diebold Nixdorf AG created plan assets according to IAS 19 as part of a Contractual Trust Arrangement ("CTA"), by transferring assets to a registered association (Wincor Nixdorf Pension Trust e. V.) in order to fund pension obligations to employees. The association is investing in current and non-current assets; this way considering the maturity structure of the underlying pension obligations. The funding strategy is reviewed regularly by analyzing asset development as well as the current situation of the financial market. The weighted average of benefit obligations plans is 11 years (2015/2016 16 years). The decrease in duration is caused by the pension plan migration of SecurCash Nederland B.V., Netherlands from a benefit obligation plan to a contribution plan. Due to this migration this pension plan is not included in the total benefit obligation plan any longer.

The only considerable risk to which the plans expose Diebold Nixdorf AG Group is the capital market development. The latter is influencing the discount rate for the valuation of the defined benefit obligations as well as the return on plan assets.

Change in Defined Benefit Obligation. €k

	Sept. 30, 2017	Sept. 30, 2016
Present value of defined benefit obligation as of October 1	554,478	322,480
Current service cost	8,542	9,381
Past service cost	-323	-4,499
Effects from settlements	122	-431
Interest cost	4,236	10,279
Effect of changes in demographic assumptions	-724	-675
Effect of changes in financial assumptions	-13,032	82,983
Effect of experience adjustments	-5,834	-2,509
Pension payments	-10,972	-14,120
Settlement payments from plan	-122	-2,718
Member contributions	832	2,451
Taxes and insurance premiums	0	-49
Divestitures/transfers	-228,022	154,926
Exchange rate differences	-1,999	-3,021
Present value of defined benefit obligation as of September 30	**307,182**	**554,478**

Change in Plan Assets. €k

	Sept. 30, 2017	Sept. 30, 2016
Fair value of plan assets as of October 1	472,991	240,373
Interest income	3,549	9,108
Return on plan assets (excluding interest income)	4,384	32,826
Member contributions	307	2,043
Employer contributions	1,273	4,695
Transfer to pension trust	0	30,000
Pension payments	-242	-3,273
Taxes and insurance premiums	0	-962
Divestitures/transfers	-227,072	161,078
Exchange rate differences	-1,406	-2,897
Fair value of plan assets as of September 30	**253,784**	**472,991**

The decrease in actual employer´s contribution from €4.7 Mio in prior year to €1.3 Mio. is due to deconsolidations of Wincor Nixdorf N.V. Zaventem, Belgium and Diebold Nixdorf AG, Brüttisellen, Switzerland as well as the conversion of the pension plan from a defined benefit plan to a defined contribution plan in the Netherlands. The divestitures/transfers mainly result from pension plan conversion of SecurCash Nederland B.V. from a defined benefit plant to a defined contribution plan.

For short fiscal October 2017 to December 2017, employer contributions to plan assets in the amount of €185k are expected.

Plan assets were invested in the following assets:

%

	Sept. 30, 2017	Sept. 30, 2016
Equity instruments	4.1	9.9
Debt instruments	30.0	46.0
Investment funds	24.0	12.1
Real estate funds	4.6	1.9
Assets held by insurance company	0.1	6.2
Real estate	7.1	4.1
Other capital investments	0.2	1.7
Short-term financial investments	29.9	18.1

Plan assets do not contain any own financial instruments. The real estate is primarily not used by the Group. Shares, debt instruments, investment funds, real estate funds and other investments have a quoted market price in an active market, whereas real estate and insurance contracts have not.

Effect of the asset ceiling. €k

	Sept. 30, 2017	Sept. 30, 2016
Effect of the asset ceiling as of October 1	201	0
Interest expense	0	10,638
Changes in asset ceiling (excluding interest expense)	0	293
Exchange rate differences	-201	-10,730
Effect of the asset ceiling as of September 30	**0**	**201**

The effect of the asset ceiling in prior fiscal year results from the defined benefit plan in the Netherlands.

Net defined benefit liability reconciliation. €k

	Sept. 30, 2017	Sept. 30, 2016
Net defined benefit liability as of October 1	81,688	82,107
Pension expenses	9,028	6,466
Actuarial gains/losses	-23,974	47,334
Changes in asset ceiling (excluding interest expense)	-201	-10,730
Pension payments	-10,730	-10,847
Settlement payments from plan	-122	-2,718
Member contributions	524	408
Employer contributions	-1,273	-4,695
Transfer to pension trust	0	-30,000
Divestitures/transfers	-950	4,486
Exchange rate differences	-592	-123
Net defined benefit liability as of September 30	**53,398**	**81,688**

Actuarial Assumptions.

With regard to the Group entities, the discount rate (weighted average) represents the significant actuarial assumption for the valuation of defined benefit obligations:

%

	Sept. 30, 2017	Sept. 30, 2016
Discount rate	1.6	1.2

Depending on the defined benefit plan, income and pension trends but also employee turnover assumptions are taken into consideration for the calculation of the defined benefit obligations. In addition, life expectancy assumptions based on current mortality tables are considered. The 2005G Heubeck Tables are used in Germany,

Sensitivity Analysis.

For Diebold Nixdorf AG Group, the sensitivity of the discount rate as the significant actuarial assumption has been identified on the lines of the determination of the present value of the defined benefit obligations. An increase or decrease in the assumed interest rate by 0.25 percentage points would have the following impact on the present value of the defined benefit obligations as of September 30, 2017:

€m

	Increase	Decrease
Change in discount rate by 0.25 percentage points	-8	8

Pension Expenses. €k

	2016/2017	2015/2016
Current service cost	8,542	9,381
Past service cost	-323	-4,499
Effects from settlements	122	-431
Net Interest	687	1,460
Tax and administration costs	0	551
Pension expenses	**9,028**	**6,462**

Defined Contribution Plans.

Under defined contribution plans, an entity pays fixed contributions and does not assume any other obligations. The personnel expenses of the fiscal year include expenses for defined contribution plans in the amount of €29,009k (2015/2016: €24,863k).

(20) Other Accruals.

€k

	Oct. 1, 2016	Currency variances/ transfers	Draw-downs	Releases	Additions	Accumu-lation	IFRS 5	Sept. 30, 2017
Non-current other accruals								
Personnel obligations	8,541	-5,266	-273	-494	8,395	131	0	11,034
Environmental protection obligations	5,888	-512	0	-413	344	0	0	5,307
Warranties	2,210	453	0	-222	1,444	0	0	3,885
Onerous contracts	0	0	0	0	1,011	0	0	1,011
Other miscellaneous accruals	5,287	-1,111	-84	-6	59	0	0	4,145
Total non-current other accruals	**21,926**	**-6,436**	**-357**	**-1,135**	**11,253**	**131**	**0**	**25,382**
Current other accruals								
Current accruals associated with sales and procurement markets								
Warranties	*35,449*	*-770*	*-10,204*	*-7,615*	*10,077*	*0*	*-81*	*26,856*
Onerous contracts	*7,251*	*-110*	*-2,216*	*-3,548*	*1,361*	*0*	*0*	*2,738*
Delay and contract penalties	*5,350*	*-14*	*-1,078*	*-2,987*	*1,890*	*0*	*0*	*3,161*
Miscellaneous	*16,108*	*528*	*-5,576*	*-5,604*	*10,445*	*0*	*-1,894*	*14,007*
Total current accruals associated with sales and procurement markets	**64,158**	**-366**	**-19,074**	**-19,754**	**23,773**	**0**	**-1,975**	**46,762**
Accruals for personnel obligations	86,599	-19,839	-34,449	-15,433	61,689	0	-1,485	77,082
Accruals for other taxes	1,314	-63	-667	-15	599	0	-274	894
Other miscellaneous accruals	23,459	5,509	-8,859	-5,950	14,209	-2	-4,079	24,287
Total current other accruals	**175,530**	**-14,759**	**-63,049**	**-41,152**	**100,270**	**-2**	**-7,813**	**149,025**
Total other accruals	**197,456**	**-21,195**	**-63,406**	**-42,287**	**111,523**	**129**	**-7,813**	**174,407**

The accruals are based on estimations due to historical information for similar circumstances. The Group expects that majority of the accruals will be settled in coming fiscal year.

Other provisions include restructuring costs for personnel in the amount of €28,087k (2015/2016: €27,412k).

The accruals for personnel have been created essentially for pre-retirement part-time working arrangements, vacation and flextime not taken, service anniversary awards, as well as severance payments. As a means of entering into early retirement, several German legal entities offer a company-subsidized pre-retirement part-time working scheme using the “block model.” The term of the scheme is between two and six years, and entry to the scheme is permitted no earlier than the employee’s 55th birthday. Essentially, during the working phase, the employee performs full duties on half pay. During the release phase, the employee no longer works, but receives the remaining 50% of his or her remuneration. The employer subsidy takes the form of topping up of remuneration and contributions to social pension insurance. The insolvency protection has been handled by a guarantee agreement closed with a bank.

Accruals for environmental protection obligations are recognized according to statutory regulations for the waste disposal of products put into circulation.

Warranty accruals are created in respect of product warranty obligations, which are prescribed by statute or contractually agreed, or which have arisen de facto.

Other current miscellaneous accruals contain obligations associated with pending legal proceedings and accruals for costs associated with year-end closing.

(21) Liabilities.

€k

	Total	up to 1 year	Residual term between 1 and 5 years	more than 5 years
Financial liabilities	2,139 (77,929)	1,093 (76,424)	1,046 (1,505)	0 (0)
Financial liabilities to affiliated companies	203,030 (58,249)	196,988 (0)	6,042 (58,249)	0 (0)
Advances received	10,098 (16,457)	10,098 (16,457)	0 (0)	0 (0)
Trade payables	249,123 (344,239)	248,563 (344,231)	560 (8)	0 (0)
Liabilities to affiliated companies	24,824 (570)	24,824 (570)	0 (0)	0 (0)
Liabilities to related companies	31,292 (30,985)	31,292 (30,985)	0 (0)	0 (0)
Current income tax liabilities	35,785 (40,982)	35,785 (40,982)	0 (0)	0 (0)
Other liabilities	308,930 (375,627)	189,911 (258,168)	119,019 (112,759)	0 (4,700)
	865,221 (945,038)	**738,554** (767,817)	**126,667** (172,521)	**0** (4,700)

Last year's equivalent figures are shown in brackets.

Financial Liabilities.

Financial liabilities consist of bank liabilities and liabilities from finance leases. The bank liabilities are shown at amortized costs. These are generally reflecting fair values.

Bank liabilities as of the balance sheet date came to a total of €1,190k (2015/2016: €65,000k), Liabilities from finance leases amount to €229k (2015/2016: €550k) as of the balance sheet date. The referring assets are disclosed in property, plant and equipment as other fixed assets and office equipment amounting to €212k (2015/2016: €488k).

On December 18, 2013, Diebold Nixdorf AG and WINCOR NIXDORF International GmbH concluded an additional loan agreement of €100,000k with the European Investment Bank. The liabilities to banks at beginning of fiscal year of €65,000k has been extinguished completely and thus the contract has been cancelled in March 2017.

Following the business combination with Diebold Nixdorf, Inc., a contract for a revolving credit facility of €300,000k with a term until August 8, 2021, was concluded on August 8, 2016, with Diebold Self-Service Solutions S.A.R.L. This loan replaces the revolving credit facility of €300,000k that was canceled at the end of August 2016. As of the balance sheet date, € 203,030k (2015/2016: €58,249k) had been drawn from the revolving credit facility.

Residual Terms of Present Value of Minimum Lease Payments.

€k

	Sept. 30, 2017	Sept. 30, 2016
Residual term up to 1 year	209	345
Residual term between 1 and 5 years	20	205
	229	**550**

Residual Terms of Future Total Minimum Lease Payments.

€k

	Sept. 30, 2017	Sept. 30, 2016
Residual term up to 1 year	218	383
Residual term between 1 and 5 years	21	213
Interest	-10	-46
Present value of minimum lease payments	**229**	**550**

Other Liabilities.

Breakdown of Other Liabilities.

€k

		Residual term		
	Total	up to 1 year	between 1 and 5 years	more than 5 years
Deferred income	128,179 (167,909)	77,552 (114,007)	50,627 (53,902)	0 (0)
Other tax liabilities	52,519 (28,843)	38,041 (28,843)	14,478 (0)	0 (0)
Social security liabilities	8,048 (7,624)	8,048 (7,624)	0 (0)	0 (0)
Other non-financial liabilities	**188,746** **(204,376)**	**123,641** **(150,474)**	**65,105** **(53,902)**	**0** **(0)**
Liabilities to employees	36,925 (71,396)	36,925 (71,396)	0 (0)	0 (0)
Interest rate derivatives	6,112 (8,134)	0 (0)	6,112 (8,134)	0 (0)
Forward currency transactions	2,105 (2,572)	2,105 (2,572)	0 (0)	0 (0)
Liabilities for share-based payment	19,920 (24,639)	2,421 (13,526)	17,499 (11,113)	0 (0)
Put-option of non-controlling interests	33,218 (46,710)	2,915 (2,400)	30,303 (39,610)	0 (4,700)
Others	21,904 (17,800)	21,904 (17,800)	0 (0)	0 (0)
Other financial liabilities	**120,184** **(171,251)**	**66,270** **(107,694)**	**53,914** **(58,857)**	**0** **(4,700)**
	308,930 (375,627)	**189,911** (258,168)	**119,019** (112,759)	**0** (4,700)

Last year's equivalent figures are shown in brackets. Further explanatory notes on the other financial liabilities are to be found in Note ▶ 22.

Share-based Payment Program.

Diebold Nixdorf AG has set up 13 share-based payment programs for managers since 2004 (2004 - 2016). The following conditions have to be applied to programs 2014 to 2016:

The vesting period of the share options is four years. Each share option entitles the bearer to purchase one share in the Company at the exercise price (strike price). There is no limit to the profit which can accrue upon purchase. In each case, the exercise price is equivalent to 112% of the average exchange price on the 30 stock exchange trading days that immediately preceded the issue of stock options on, March 26, 2014 (program 2014), March 25, 2015 (program 2015) and April 12, 2016 (program 2016) (program 2014: €56.20, program 2015: €43.93, program 2016: €53.12). The share-based payment program takes account of distributions made during the life of the options, such as dividend payments and any drawing rights or other special rights. The target criteria has not been changed during the life of the programs until now. The options can be exercised within a period of ten stock exchange trading days commencing on the first stock exchange trading day following expiration of the holding period of four years (exercise period). The vesting conditions also stipulate that the declaration of exercise may or must be issued during the specified vesting period of four years, within the last ten stock exchange trading days in XETRA on the Frankfurt Stock Exchange, effective from the end of the last day of the vesting period or a later date. Basically, the holder of the option has to remain in the Company's employ until the end of the vesting period.

All share based payment programs are classified and accounted for as an obligation to settle in cash since fiscal year 2015/2016. Please refer to the disclosure under "Share option reclassification" in prior year in the "Changes in Group Equity" table. Until each obligation is settled, the fair value will be remeasured on each reporting date and added in instalments over time. Changes resulting from the measurement will be recognized through profit or loss.

The fair values of the ongoing share-based payment programs were calculated by an external expert using the Black-Scholes formula.

The underlying assumptions for the ongoing programs are as follows:

	Program 2016	Program 2015	Program 2014
Granted share options	714,470	717,048	678,361
Exercise price of the option at grant date	€59.49	€49.20	€62.94
Expected volatility	24.23%	24.23%	24.23%
Option life	4 years	4 years	4 years
Expected dividends	€8.46	€5.64	€2.82
Risk-free interest rate	0.01%	0.01%	0.01%
Fluctuation rate	2.8%	2.8%	2.8%

The total expenses recognized in the reporting period for all ongoing share-based payment programs amount to €6,778k (2015/2016: €5,068k). In addition to the expenses for the measurement of the ongoing share-based payment programs as of the reporting date, these total expenses also include the expenses from the measurement of the 2013 share-based payment program that expired in March. The overall obligation from the ongoing share-based payment programs 2014 - 2016, recognized as a financial liability, totals €1,164k.

Share options reported as of September 30, 2017, consist of options from share-based payment programs 2014 to 2016. The program 2014 will expire in March 2018, the program 2015 in March 2019 and the program 2016 in March 2020. The weighted average residual term of the programs is about 1year.

The vesting period for the 2013 share-based payment program expired on March 22, 2017. Of the 774,806 stock options issued, 643,076 options have been exercised. The exercise price, including dividends, was €38.26. The relevant share price was calculated on the basis of the unweighted average of the share price in the Xetra trading system at the Frankfurt Stock Exchange in the closing auction of the 30 trading days directly, in front of the exercise date and amounts to €69.20. The resulting profit per option is €30.94. The options were settled in cash.

The expected volatility was calculated as the average of the historic volatilities of EUREX options to the Diebold Nixdorf AG share for 3-month and 12-month periods.

The changes in the composition of share options are as follows:

	2016/2017		2015/2016	
	Number	Average exercise price €	Number	Average exercise price €
As of October 1	2,664,955	53.66	2,609,010	50.13
Granted during the period	0	---	714,470	59.49
Exercised during the period	643,076	43.20	580,025	45.02
Replacement[1)]	1,888,216	---	0	---
Expired during the period	23,500	55.26	78,500	53.21
As of September 30	**110,163**	**60.29**	**2,664,955**	**53.66**
Exercisable as of September 30	0	---	0	---

[1)] replaced by „performance-based cash incentive awards“ ("DN Performance Awards")

“Performance-based cash incentive awards” (in the following “DN Performance Awards”).

On April 25, 2017, in order to align incentive compensation, the Compensation Committee of the Board of Directors of Diebold Nixdorf, Inc. approved a one-time offer to certain employees to replace employees’ outstanding Diebold Nixdorf AG share options with performance-based cash incentive awards (“DN Performance Awards”). The grant of the DN Performance Awards was contingent on the employee’s agreement to cancel the outstanding share options. The Diebold Nixdorf AG options subject to the above offer were those vesting in March of 2018, 2019, and 2020 respectively. Each tranche of share options had a different vest date and a different "in the money" value, and so each tranche was replaced with a DN Performance Award that had the same measurement date (of 2018, 2019, or 2020, for example). In addition, each award is structured to approximate the original “in-the money” value of the cancelled share options at target, the option “under water” line at threshold, and a maximum at approximately 155% of the Diebold Nixdorf, Inc. stock price. The DN Performance Awards were based on a Diebold Nixdorf, Inc. stock price of $26.18.

In the event of a declining Diebold Nixdorf, Inc. share price, payouts only occur down to a specific threshold, Diebold Nixdorf, Inc. average share price determined individually for each plan based on the value of the “under water” options. If the share price falls below this threshold level in the respective exercise period, no payment is made. The relevant share price is determined on the basis of the average closing prices of Diebold Nixdorf, Inc. shares on the New York Stock Exchange (NYSE) within 20 exchange trading days up to and including the final trading day of the respective exercise period.

“Other Share-Based Programs”.

In addition to DN Performance Awards program a number of Diebold Nixdorf AG employees participate in the "Diebold Nixdorf, Incorporated Amended and Restated 1991 Equity and Performance Incentive Plan" (hereinafter referred to as "LTI Plan 1991") and, from 2018 onward, in the "2017 Equity and Performance Incentive Plan." As part of the LTI Plan 1991, these employees/members of the Management Board were granted performance–based shares, restricted stock units, and stock options as a long-term incentive component of compensation.

Performance-based shares: Performance-based shares are granted on the basis of a three-year performance period (January 1, 2017, to December 31, 2019); they provide value based on the three-year Total Shareholder Return Ranking ("TSR Ranking”) of the S&P 400 Midcap Index companies vs. Diebold Nixdorf, Inc. The number of shares vested at the end of the performance period can lie within a range of 0% and 200% of the target, based on the relative TSR Ranking in respect of the two target categories.

Restricted Stock Units (hereinafter referred to as RSUs): The purpose of these awards is to ensure retention of the executives' services for a specified period of time and to enhance their incentive for meeting objectives defined by Diebold Nixdorf, Inc. RSUs vest ratably over a three-year period on the anniversary of the date of grant. The period during which RSUs are allocated covers three years in total. After each year, one-third (1/3) of the allocated RSUs shall vest and become non-forfeitable, and the corresponding volume of shares is credited to the securities deposit account of the employee. In those years in which the RSUs have not yet become non-forfeitable, the employee shall receive dividend equivalent payments as determined in the same manner as shareholders of Diebold Nixdorf, Inc. The non-forfeitable allocation of RSUs is linked solely to the retention of the employee's services for the Company, subject to certain holding restrictions. The value of each RSU at the date of allocation was determined according to the Diebold Nixdorf, Inc. shares as an unweighted average over a period of 20 exchange trading days immediately prior to the grant date.

Stock Options: Stock options provide value based solely on stock price appreciation. Grants of stock options have a ten-year term and vest ratably over a three-year period. The exercise price is based on the closing price of common shares on the grant date and is valued using the Black-Scholes stock option valuation method.

All share based payment programs are classified and accounted for as an obligation to settle in cash, as Diebold Nixdorf AG is obliged to compensate the entitled employees. Until each obligation is settled, the fair value will be remeasured on each reporting date and added in instalments over time. Changes resulting from the measurement will be recognized through profit or loss. In fiscal year 2016/2017 the total expenses out of these programs sums up to €3,161k (2015/2016: €0k), the liability amounts to €3,161k (2015/2016: €0k) as of September 30, 2017.

OTHER INFORMATION.

(22) Financial Instruments.

Financial instruments are contractual obligations to receive or deliver cash and cash equivalents. In accordance with IAS 32 and IAS 39, these include both primary and derivative financial instruments. Primary financial instruments include, in particular, cash and cash equivalents, trade receivables and payables, credits, and loans. Derivative financial instruments primarily include forward currency transactions and interest rate hedging instruments.

The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instruments and reconciliation to the corresponding line item in the Group balance sheet. Finance lease receivables and liabilities, and derivatives that qualify for hedge accounting as well as put options for non-controlling interests, are also included although they are not part of any IAS 39 measurement category. Since the line items “Other Receivables” and “Other Liabilities” contain both financial instruments and non-financial assets and liabilities (in particular, advance payments for services to be received/made in the future and other tax receivables/payables), the reconciliation is shown in the column headed “thereof outside IFRS 7.”

Carrying Amounts, Amounts Recognized, and Fair Values by Measurement Category as of September 30, 2017.

€k

	Category in accordance with IAS 39	Carrying amount	Thereof outside IFRS 7	Thereof amounts recognized in balance sheet according to IAS 39			Thereof amounts recognized according to IAS 17	Fair value of financial instruments under IFRS 7
				Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss		
Assets								
Cash and cash equivalents	LaR	95,315	0	95,315	0	0	0	95,315
Trade receivables	LaR / n/a	320,912	0	307,444	0	0	13,468	320,912
thereof: receivables from finance leases	*n/a*	*13,468*	*0*	*0*	*0*	*0*	*13,468*	*13,468*
Receivables from affiliated companies	LaR	77,353	0	77,353	0	0	0	77,353
Receivables from related companies	LaR	36,431	0	36,431	0	0	0	36,431
Other receivables	LaR / n/a / HfT	135,880	68,479	62,983	4,407	11	0	67,401
thereof: derivatives with a hedging relationship	*n/a*	*4,407*	*0*	*0*	*4,407*	*0*	*0*	*4,407*
thereof: derivatives without a hedging relationship	*HfT*	*11*	*0*	*0*	*0*	*11*	*0*	*11*
Investments	LaR/ FVO/ AfS	8,459	0	7,395	0	1,064	0	8,459
Liabilities								
Trade payables	FLAC	249,123	0	249,123	0	0	0	249,123
Liabilities to affiliated companies	FLAC	24,824	0	24,824	0	0	0	24,824
Liabilities to related companies	FLAC	31,292	0	31,292	0	0	0	31,292
Financial liabilities	FLAC / n/a	2,139	0	1,910	0	0	229	2,139
thereof: liabilities from finance leases	*n/a*	*229*	*0*	*0*	*0*	*0*	*229*	*229*
Financial liabilities to affiliated companies	FLAC	6,042	0	6,042	0	0	0	6,042
Other liabilities	FLAC / n/a / HfT	308,930	208,666	58,829	39,588	1,847	0	100,264
thereof: other non-interest-bearing liabilities	*FLAC / n/a*	267,495	208,666	58,829	0	0	0	58,829
thereof: Put-option of non-controlling interests	*n/a*	*33,218*	*0*	*0*	*33,218*	*0*	*0*	*33,218*
thereof: derivatives with a hedging relationship	*n/a*	*6,370*	*0*	*0*	*6,370*	*0*	*0*	*6,370*
thereof: derivatives without a hedging relationship	*HfT*	*1,847*	*0*	*0*	*0*	*1,847*	*0*	*1,847*

Aggregated by Category in Accordance with IAS 39

Loans and receivables	LaR	579,526	0	579,526	0	0	0	579,526
Available-for-sale financial assets	AfS	7,395	0	7,395	0	0	0	7,395
Financial assets and liabilities measured at fair value through profit or loss (Fair Value Option)	FVO	1,064	0	0	0	1,064	0	1,064
Financial assets measured at fair value through profit or loss (Held for Trading)	HfT	11	0	0	0	11	0	11
Financial liabilities measured at fair value through profit or loss (Held for Trading)	HfT	1,847	0	0	0	1,847	0	1,847
Financial liabilities measured at amortized cost	FLAC	372,020	0	372,020	0	0	0	372,020

LaR: Loans and Receivables.
FVO: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Fair Value Option).
HfT: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Held for Trading).
AfS: Available-for-Sale Financial Assets (At Cost).
FLAC: Financial Liabilities at Amortized Cost.

Carrying Amounts, Amounts Recognized, and Fair Values by Measurement Category as of September 30, 2016. €k

	Category in accordance with IAS 39	Carrying amount	Thereof outside IFRS 7	Thereof amounts recognized in balance sheet according to IAS 39: Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Thereof amounts recognized according to IAS 17	Fair value of financial instruments under IFRS 7
Assets								
Cash and cash equivalents	LaR	85.336	0	85.336	0	0	0	85.336
Trade receivables	LaR / n/a	459.440	0	437.764	0	0	21.676	459.440
thereof: receivables from finance leases	*n/a*	*21.676*	*0*	*0*	*0*	*0*	*21.676*	*21.676*
Receivables from affiliated companies	LaR	11.475	0	11.475	0	0	0	11.475
Receivables from related companies	LaR	*65.272*	*0*	*65.272*	*0*	*0*	*0*	*65.272*
Other receivables	LaR / n/a / HfT	117.861	65.953	51.824	5.034	84	0	56.942
thereof: derivatives with a hedging relationship	*n/a*	*5.034*	*0*	*0*	*5.034*	*0*	*0*	*5.034*
thereof: derivatives without a hedging relationship	*HfT*	*84*	*0*	*0*	*0*	*84*	*0*	*84*
Investments	LaR/ FVO/ AfS	3.714	0	2.650	0	1.064	0	3.714
Liabilities								
Trade payables	FLAC	344.239	0	344.239	0	0	0	344.239
Liabilities to affiliated companies	FLAC	570	0	570	0	0	0	570
Liabilities to related companies	FLAC	30.985	0	30.985	0	0	0	30.985
Financial liabilities	FLAC / n/a	77.929	0	77.379	0	0	550	77.929
thereof: liabilities from finance leases	*n/a*	*550*	*0*	*0*	*0*	*0*	*550*	*550*
Financial liabilities to affiliated companies	FLAC	58.249	0	58.249	0	0	0	58.249
Other liabilities	FLAC / n/a / HfT	375.627	229.015	89.196	54.844	2.572	0	146.612
thereof: other non-interest-bearing liabilities	*FLAC / n/a*	317.813	229.015	88.798	0	0	0	88.798
thereof: other interest-bearing liabilities	*FLAC*	398	0	398	0	0	0	398
thereof: Put-option of non-controlling interests	*n/a*	*46.710*	*0*	*0*	*46.710*	*0*	*0*	*46.710*
thereof: derivatives with a hedging relationship	*n/a*	*8.333*	*0*	*0*	*8.134*	*199*	*0*	*8.333*
thereof: derivatives without a hedging relationship	*HfT*	*2.373*	*0*	*0*	*0*	*2.373*	*0*	*2.373*

Aggregated by Category in Accordance with IAS 39

	Category	Carrying amount	Thereof outside IFRS 7	Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Thereof amounts recognized according to IAS 17	Fair value of financial instruments under IFRS 7
Loans and receivables	LaR	651.671	0	651.671	0	0	0	651.671
Available-for-sale financial assets	AfS	2.650	0	2.650	0	0	0	2.650
Financial assets and liabilities measured at fair value through profit or loss (Fair Value Option)	FVO	1.064	0	0	0	1.064	0	1.064
Financial assets measured at fair value through profit or loss (Held for Trading)	HfT	84	0	0	0	84	0	84
Financial liabilities measured at fair value through profit or loss (Held for Trading)	HfT	2.373	0	0	0	2.373	0	2.373
Financial liabilities measured at amortized cost	FLAC	600.618	0	600.618	0	0	0	600.618

LaR: Loans and Receivables.
FVO: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Fair Value Option).
HfT: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Held for Trading).
AfS: Available-for-Sale Financial Assets (At Cost).
FLAC: Financial Liabilities at Amortized Cost.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 7. This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (level 1),
2. measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (level 2), or
3. using input factors not based on observable market data (level 3).

The following table shows the amounts allocated to each measurement level at September 30, 2017:

Allocation Fair Value Hierarchy. €k

	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value - not effecting net income				
Derivatives being part of a hedge	4,407	0	4,407	0
	(5,034)	(0)	(5,034)	(0)
Financial assets at fair value - affecting net income				
Designated as such upon initial recognition	1,064	0	0	1,064
	(1,064)	(0)	(0)	(1,064)
Derivatives not being part of a hedge	11	0	11	0
	(84)	(0)	(84)	(0)
Financial liabilities at fair value - not effecting net income				
Derivatives being part of a hedge	6,370	0	6,370	0
	(8,333)	(0)	(8,333)	(0)
Put-option of non-controlling interests	33,218	0	0	33,218
	(46,710)	(0)	(0)	(46,710)
Financial liabilities at fair value - affecting net income				
Derivatives not being part of a hedge	1,847	0	1,847	0
	(2,373)	(0)	(2,373)	(0)

Last year's figures are shown in brackets.

If reclassifications between the fair value measurement levels are made, they are recorded at the end of the reporting period in which they occurred. Neither during the fiscal year 2016/2017 nor in the previous year, there have been reclassifications between the fair value measurement levels.

The asset that is shown under level 3 concerns the 6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG. The net result of the company will be allocated on a pro-rata basis; therefore the presented fair value will be converted accordingly. The effect on the profit or loss is presented in the financial result.

Put options for non-controlling interests in the amount of the present value of the exercise price are presented without any effect on profit or loss against retained earnings as a financial liability as level 3. The measurement is derived from expected net sales contributions, operating profit (EBITA) as well as weighted average cost of capital (WACC).

The following table shows the reconciliation from the opening balance to the ending balance fair values of level 3 instruments:

€k

	Oct. 1, 2016	resulting in profit or loss	resulting in neither profit or loss	**IFRS 5**
6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG	1,064	0	---	**1,064**
Put-option of non-controlling interests	46,710	---	-13,492	**33,218**

Due to minor changes in the value of the 6% interest the sensitivity analysis of valuation-relevant parameters does not result in significant and decision-useful information.

The measurement of level 3 put options for non-controlling interests is based on a discounted cash flow model. The sensitivity analysis of the significant unobservable inputs used in the fair value measurement is as follows:

€k

	resulting in neither profit or loss	
	Increase	**Decrease**
Growth rate expected net sales contribution (change +/- 5 %)	940	-940
Operating profit (EBITA - change +/- 5 %)	600	-590
WACC (change +/- 1 %)	-660	640

The fair values of forward currency transactions have been obtained by traded forward rates. The determination of the fair values of the swaps at the balance sheet date was based upon corresponding quotations obtained from banks using internal mark-to-market models.

Due to the short-term maturities of cash and cash equivalents, trade receivables and payables, as well as other current receivables and payables, their fair values approximate their carrying amount. The fair values of non-current financial assets and liabilities are estimated by discounting expected future cash flows using current interest rates for debt of similar terms and remaining maturities. Cash and cash equivalents, other receivables, and investments are not past due and not impaired.

“Available-for-Sale Financial Assets“ measured at cost include investments in non-consolidated subsidiaries and other investments.

The net gains and losses from financial instruments by IAS 39 category are shown in the following table:

Net Gain/Loss by Category. €k

	2016/2017	2015/2016
Loans and receivables	-6,839	-8,323
Financial assets measured at fair value through profit or loss (fair value option)	0	17
Financial assets and liabilities measured at fair value through profit or loss (held for trading)	-2,679	-4,168
Financial liabilities measured at amortized cost	1,541	-2,004
	-7,977	**-14,478**

Net result under "Loans and receivables" mainly comprises interests on financial receivables, impairment allowances on trade receivables, as well as gains and losses on foreign currency receivables.

The category "Financial assets measured as at fair value through profit or loss (fair value option)" includes the changes of the fair value of the interest in WINCOR NIXDORF Immobilien GmbH & Co. KG.

Gains and losses arising from changes in fair value of interest rate derivatives that do not comply with the hedge accounting requirements under IAS 39 are included in the "Financial assets and liabilities measured as at fair value through profit or loss (held for trading)" category.

The net result of the category "Financial liabilities measured at amortized cost" mainly comprise interest expenses on financial liabilities as well as gains and losses on foreign currency liabilities.

Gains and losses arising from finance lease and from derivatives that qualify for hedge accounting are not included in the net result, as they are not part of any IAS 39 measurement category.

Total interest income and total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss are structured as follows:

Net Interest Result from Financial Instruments. €k

	2016/2017	2015/2016
Total interest income	720	1,899
Total interest expenses	-1,070	-4,036
	-350	**-2,137**

Risks Arising from Financial Instruments.

Typical risks arising from financial instruments include credit risk, liquidity risk, and market risks. The risk management system of the Group including its goals, methods, and processes is presented in the Risk Report of the Group Management Report. Based on the information presented below, we have identified no explicit concentrations of risk attributable to financial risks.

Credit Risks.

Diebold Nixdorf AG attempts to reduce the credit risks by using trading information, credit limits, and debtor management, including a payment reminders system and proactive debt collection. In view of the fact that no single customer accounted for more than 10% of net sales in the fiscal years 2016/2017 and 2015/2016, there is no concentration of risk with regard to credit risks. We operate with letters of credit to safeguard receivables from customers in countries with a credit risk, such as Argentina, Nigeria, Pakistan and Venezuela. The maximum default risk is represented by the carrying amounts of the financial assets recognized in the Group balance sheet.

In the case of derivative financial instruments, the Group is exposed to credit risks arising from the non-performance of contractual obligations by the contracting parties. These risks are minimized by only entering into agreements with contracting parties who have a good credit standing. The entire portfolio of derivative financial instruments is spread across several banks to reduce the risk of default. The default risk of derivatives equals their positive fair values.

Financial Assets and Financial Liabilities from Derivatives that are subject to Netting, Collateral or Other Similar Arrangements. €k

	Gross value in balance sheet		Potential offsetting value		Net value	
	2016/2017	2015/2016	**2016/2017**	2015/2016	**2016/2017**	2015/2016
Financial assets	**4,418**	5,118	**207**	210	**4,211**	4,908
Financial liabilities	**8,217**	10,706	**207**	210	**8,010**	10,496

Potential netting arrangements are based on the German master agreement for financial forward transactions.

Liquidity Risks.

From an operating point of view, the management of the Group's liquidity exposures is centralized by a cash pooling process. This process enables the Group to manage the liquidity surplus and liquidity requirements according to the actual needs of the Group and each subsidiary. The Group's short-term and midterm liquidity management takes into account the maturities of financial assets and financial liabilities, as well as estimates of cash flows from the operating activities. Liquidity needs are covered with cash and cash equivalents totaling €95,315k (2015/2016: €85,336k).

On December 18, 2013, Diebold Nixdorf AG and WINCOR NIXDORF International GmbH concluded an additional loan agreement of €100,000k with the European Investment Bank. The liabilities to banks at beginning of fiscal year of €65,000k has been extinguished completely and thus the contract has been cancelled in March 2017.

Following the business combination with Diebold Nixdorf, Inc., a contract for a revolving credit facility of €300,000k with a term until August 8, 2021, was concluded on August 8, 2016, with Diebold Self-Service Solutions S.A.R.L. (in the following: Diebold S.A.R.L.). This loan replaces the revolving credit facility of €300,000k that was canceled at the end of August 2016. As of the balance sheet date, € 203,030k (2015/2016 €58,249k) had been drawn from the revolving credit facility.

As of September 30, 2017, Diebold Nixdorf AG had unused credit facilities amounting to €268,589k (2015/2016: €336,761k), of which €50,000k (2015/2016: €95,000k) is attributable to unutilized overdraft facilities and €218,589k (2015/2016: €241,761k) to the revolving credit facility from Diebold S.A.R.L. Diebold Nixdorf AG`s liquidity risk can be classified as very low overall.

The financial liabilities are expected to result in the following (undiscounted) payments in the next years:

€k

	Gross value Sept. 30, 2017	Cash flows 2016/2017	Cash flows 2017/2018-2020/2021	Cash flows from 2021/2022
Trade payables	249,123	249,123	0	0
Liabilities to affiliated companies	24,824	24,824	0	0
Liabilities to related companies	31,292	31,292	0	0
Financial liabilities	2,139	1,093	1,046	0
thereof: liabilities from finance leases	*239*	*218*	*21*	*0*
Financial liabilities to affiliated companies	203,631	197,482	6,149	0
Other liabilities	100,006	65,037	34,969	0
thereof: other non-interest-bearing liabilities	58,829	58,829	0	0
thereof: Put-option of non-controlling interests	33,218	2,915	30,303	0
thereof: derivatives with a hedging relationship	6,112	1,446	4,666	0
thereof: derivatives without a hedging relationship	1,847	1,847	0	0
Total	**611,015**	**568,851**	**42,164**	**0**

€k

	Gross value Sept. 30, 2016	Cash flows 2015/2016	Cash flows 2016/2017-2019/2020	Cash flows from 2020/2021
Trade payables	344,239	344,231	8	0
Liabilities to affiliated companies	570	570	0	0
Liabilities to related companies	30,985	30,985	0	0
Financial liabilities	77,975	76,311	1,664	0
thereof: liabilities from finance leases	*596*	*383*	*213*	*0*
Financial liabilities to affiliated companies	*58,249*	*0*	*58,249*	*0*
Other liabilities	146,814	95,743	46,371	4,700
thereof: other non-interest-bearing liabilities	88,798	88,798	0	0
thereof: other interest-bearing liabilities	398	398	0	0
thereof: Put-option of non-controlling interests	46,710	2,400	39,610	4,700
thereof: derivatives with a hedging relationship	8,535	1,774	6,761	0
thereof: derivatives without a hedging relationship	2,373	2,373	0	0
Total	**658,832**	**547,840**	**106,292**	**4,700**

Market Risks.

Market risk is the risk that fair values or future cash flows of non-derivative or derivative financial instruments will fluctuate due to changes in risk factors. Currency and interest rate risks are the significant market risks Diebold Nixdorf AG is exposed to. Associated with these risks are fluctuations in income, equity, and cash flow.

The following analyses and amounts determined by means of sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Moreover, non-financial or non-quantifiable risks, such as business risks, are not considered here.

Currency Risks.

At Diebold Nixdorf AG, both sales and purchases are also transacted in foreign currency. WINCOR NIXDORF International GmbH is the Group's currency management center. The entire currency risks are identified, quantified, and controlled. Furthermore, it provides foreign currencies if necessary. Currency risks arise from sales and purchases in various foreign currencies. At Diebold Nixdorf AG, these are mainly U.S. dollar and pounds sterling. The risk is considerably reduced by natural hedging, i.e., management of sales and purchases by choice of location and suppliers.

The nominal sum of the forward currency transactions for the foreign currencies U.S. dollar and pounds sterling amounts to €106,958k (2015/2016: €119,973k). The risk is hedged for a period of twelve months in advance by monthly due-forward currency transactions with banks. Since the hedge is classified as highly effective, a cash flow hedge is accounted for according to IAS 39 "Financial Instruments: Recognition and Measurement." The currency forward contracts designated to the cash flow hedge accounting hedge expected forward currency transactions for the coming twelve months. The corresponding fair values, which are determined by market prices, amount to €4,407k and €275k (2015/2016: €5,034k and -€199k) at the balance sheet date, and have been recorded without any impact on profit and loss within equity, having taken into account deferred taxes. The fair values are presented under other liabilities. The fair values of forward currency transactions have been obtained by traded forward rates. The forward currency transactions will affect profit and loss at maturity date. In the course of the period under review, an amount equivalent to €-6,243k (2015/2016: €1,752k) of forward currency transactions existing at the end of the previous fiscal year was recognized in profit or loss under cost of sales.

The remaining net currency risk not hedged by forward currency transactions amounts to approximately 29 million U.S. dollars (2015/2016: approximately 16 million U.S. dollars) as well as approximately 9 million pounds sterling (2015/2016: approximately 10 million pounds sterling) and are regarded as minor. The flows of foreign currency are recorded centrally for the entire Group and, where feasible, equalized out. No foreign currency options were transacted during the fiscal year and the previous year.

If the euro had been revalued and devalued respectively by 10% against the U.S. dollar as of September 30, 2017, the other components of equity (before deferred taxes) and the fair value of forward currency transactions would have been €5,858k higher, and €7,143k lower, respectively (2015/2016: €4,268k higher, and €5,116k lower, respectively). If the euro had been revalued and devalued respectively by 10% against pounds sterling as of September 30, 2017, the other components of equity (before deferred taxes) and the fair value of forward currency transactions would have been €3,141k higher, and €3,835k lower, respectively (2015/2016: €4,259k higher, and €5,200 lower, respectively).

Interest Rate Risks.

In order to reduce the risk of interest rate changes, Diebold Nixdorf AG entered into interest rate hedges.

As of May 28, 2010, an interest swap for a nominal sum of €50,000k, with a ten-year term from October 1, 2010 until September 30, 2020, has been concluded. The interest swap designated to the cash flow hedge accounting hedges interest payments for the coming four years. For this interest swap, the three-month EURIBOR is received and a fixed interest of 2.974% is paid. The fair value, which is measured at market prices, is €-6,112k (2015/2016: -€8,134k). This interest swap with a clean value of -€-4,666k (2015/2016: €-6,697k) has been directly recognized in the other components of equity, having taken into account deferred taxes. In fiscal year 2016/2017, €1,637k (2015/2016: €1,587k) has been reclassified from equity to profit or loss. The remaining net interest risk on financial liabilities not hedged amounts to approximately €153 million and is regarded as minor due to the current interest environment.

No further interest rate swaps have been concluded in the year under review.

An increase/decrease of 100 basis points of the interest rates on balance sheet date would result in the following changes: the other components of equity (before deferred taxes) would have been increased by €2,945k and decreased by €3,014k, respectively (2015/2016: increased by €2,063k and decreased by €2,024k, respectively).

(23) Cost of Materials.

€k

	2016/2017	2015/2016
Cost of raw materials, supplies, and bought-in goods	715,906	826,419
Cost of bought-in services	599,169	667,973
	1,315,075	**1,494,392**

The net change in finished and unfinished goods and services amounts to €19,225k decrease (2015/2016:€18,372k increase) in the year under review.

(24) Personnel Expenses and Employees.

€k

	2016/2017	2015/2016
Wages and salaries	574,588	633,088
Social security contributions and welfare expenses	86,912	90,945
Retirement benefit expenses	21,064	19,895
	682,564	**743,928**

The average number of employees during the year was 8,851 (2015/2016: 9,446), excluding apprentices. Headcount breakdown by function was as follows:

	2016/2017	2015/2016
Production	796	1,043
Sales/Services	7,081	7,415
Research and development	731	742
Administration	243	246
	8,851	**9,446**

(25) Guarantees and Contingent Liabilities.

At the end of balance sheet date no obligations (2015/2016: €46k) arising from guarantees are existing.

Contingent liabilities amounted to €18,871k (2015/2016: €17,804k) and reflect potential tax risks.

In addition, Diebold Nixdorf AG guarantees for customer funds which have been at its premises as of September 30, 2017. At the beginning of the following fiscal year, the customer funds have been paid in to the customers' bank accounts or used for the filling of ATM cassettes of various banks. Any related claims are not expected as a regular reconciliation with the customers is performed. Moreover, in order to cover the risks of possible loss of customer funds, external insurances have been procured.

(26) Other Financial Commitments.

€k

	Total	up to 1 year	between 1 and 5 years	more than 5 years
		Residual term		
Future payment commitments from				
real estate leases	94,730	28,165	58,923	7,642
	(87,043)	(29,765)	(48,109)	(9,169)
miscellaneous tenancies and leases	19,842	11,250	8,592	0
	(28,391)	(14,335)	(14,056)	(0)
long-term purchase and service contracts	14,530	8,774	5,756	0
	(20,840)	(10,088)	(10,752)	(0)
acquisition of intangible assets and property, plant and equipment	10,094	10,094	0	0
	(5,174)	(5,161)	(13)	(0)
	139,196	**58,283**	**73,271**	**7,642**
	(141,448)	(59,349)	(72,930)	(9,169)

Last year’s equivalent figures are shown in brackets.

The future payment commitments from real estate leases and miscellaneous tenancies and leases represent the future minimum lease payments in connection with operating leases, as per IAS 17. The agreements comprise the leasing of buildings and motor vehicles. Leasing expenses amounted to €57,528k (2015/2016: €59,573k) in the year under review.

(27) Related Parties.

Related parties according to IAS 24 “Related Party Disclosures” are, besides the Board of Directors, essentially the Supervisory Board, Companies within Diebold Nixdorf, Inc. Group, that are not part of Diebold Nixdorf AG Group, investments, and shareholders.

In August 2016, Diebold Nixdorf KGaA, Eschborn, acquired a majority in Diebold Nixdorf AG (formerly Wincor Nixdorf AG). On September 26, 2016, the shareholders of Diebold Nixdorf AG at an Extraordinary General Meeting approved a domination and profit and loss transfer agreement (DPLA) with Diebold Nixdorf KGaA, which has become effective with registration into the commercial register on February 14, 2017. In conjunction with the approved DPLA Diebold Nixdorf, Inc. – without entering into the agreement – separately issued a comfort letter in favor of Diebold Nixdorf AG. By means of this comfort letter Diebold Nixdorf, Inc. commits itself to unlimitedly and irrevocably provide Diebold Nixdorf KGaA with the necessary financial support to fulfill its possible loss compensation obligations according to § 302 AktG against Diebold Nixdorf AG in due time. Diebold Nixdorf AG will be included in the Group financial statements of Diebold Nixdorf, Inc., North Canton, Ohio, USA as of December 31, 2017.

Business relations with affiliated companies. €k

	Transaction values for the year ended		Balance outstanding as at	
	2016/2017	2015/2016	**Sept. 30, 2017**	Sept. 30, 2016
Sale of goods and service parts	69,149	12,928	31,131	10,836
Administrative and passed on services	7,273	1,196	1,992	639
Obtained services	23,626	1,578	27,282	570
Financing expenses	1,057	71	208,839	58,249
Sale of entities and sale of assets and liabilities	25,840	0	59,712	0

Compensation of Board of Directors and Supervisory Board.

The compensation of the Board of Directors is as follows:

€k

	2016/2017	2015/2016
Short-term benefits (without share-based compensation)	2,801	5,649
Share-based compensation	3,303	2,404
Total compensation	**6,104**	**8,053**
Post-employment benefits	288	276
Total	**6,392**	**8,329**

The disclosure of share-based compensation refers to the fair value at the grant date. Additions to superannuation (current service costs) for current members of the Board of Directors are disclosed as post-employment benefits. With the conversion of the pension scheme from pension payments to a one-time pay-off or payments in several installments, also pension obligations of the Board of Directors were adapted. As of September 30, 2017, the entitlement to funds of the Board of Directors upon reaching the specified age limit (retirement capital) amounts to €2,347k (2015/2016: €3,457k).

The members of the Board of Directors do not own any share options from the share-based payment programs 2013 to 2016 as of September 30, 2017 (2015/2016: 987,271 share options from share-based payment programs 2013 to 2016) as these have been replaced by equity instruments based on Diebold Nixdorf, Inc. shares. As of September 30, 2017, the Supervisory Board do not hold any share options (2015/2016: 12,000 share options). With the change to share-based payments the Board of Directors held in total 56,776 PSUs, 26,389 SUs and 174,656 stock options relating to Diebold Nixdorf, Inc. shares. At the end of prior fiscal year the number of these equity-based instruments was respectively zero.

The compensation of the Supervisory Board is as follows: in the year under review, the members of the Supervisory Board received fringe benefits amounting to €585k (2015/2016: €851k). No long-term benefits are arranged with the members of the Supervisory Board. In addition to their compensation as members of the Supervisory Board, those employee representatives who are employees of the Group receive compensation unrelated to their service on the Supervisory Board. The total amount of such compensation was €747k (2015/2016: €694k).

For individualized presentation and further details of the Board of Director´s and Supervisory Board's compensation, please refer to the presentation of the compensation report, which is part of the Group Management Report.

Total compensation paid to former members of the Board of Directors amounted to €4,435k in fiscal year 2016/2017 (2015/2016: €123k; included is a compensation of €4,311k for the termination of the employment contract of Eckard Heidloff). An amount of €4,756k (2015/2016: €3,328k) is accrued for pension obligations of former members of the Board of Directors and their bereaved.

Business relations with joint ventures and associated companies.

The Group has business relations with the joint venture CROWN B.V. Transactions with this related party result from the delivery and service relations in the ordinary course of business. The volume of business relations is minor.

In addition, the Group has business relationships with associated companies Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd, Shanghai, Aisino-Wincor Manufacturing (Shanghai) Co., Ltd, Shanghai und Aisino-Wincor Engineering Pte. Ltd., Singapore. Out of these relationships, trade receivables amount to €22,094k (2015/2016: €51,527) as well as finance receivables of €2,314k (2015/2016: €2,314k). Further on, trade payables to associated companies amount to €31,079k (2015/2016: €30,845k).

(28) Notes to the Group Cash Flow Statement.

The Group cash flow statement has been drawn up in accordance with IAS 7 "Statements of Cash Flows."

Cash and cash equivalents include not only cash amounting to €104,786k (2015/2016: €85,336k) but also current bank liabilities repayable at any time amounting to €883k (2015/2016: €11,078k), as these could be considered in the management of cash.

The output value of the Group cash flow statement is EBITA (earnings before interest, taxes and amortization of goodwill), which amounted to €165,684k in the year under review (2015/2016: €143,568k). Adding amortization and depreciation of property rights, licenses and property, plant and equipment and write-downs on reworkable service parts gives EBITDA of €218,731k (2015/2016: €206,366k).

In addition, the income taxes paid of €-24,469k (2015/2016: -€37,482k), the elimination of the result from the sale of subsidiaries of €-25,840k (2015/2016: -€13,836k), the change in working capital of €32,061k (2015/2016: €15,174k) and the change in accruals of €38,821k (2015/2016: -€43,898k) resulted in cash flow from operating activities of €165,338k (2015/2016: €104,894k).

Lease payments from customers for Diebold Nixdorf AG products and lease payments from Diebold Nixdorf AG for operating lease assets are presented in cash flow from operating activities. Lease payments for assets, which classify as a finance lease and are capitalized, are recorded in cash flow from financing activities.

As a consequence of the DN2020 transformation program initiated in fiscal 2016/2017 within Diebold Nixdorf, Inc. Group, entities in selected countries were amalgamated in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. As part of these measures, Diebold Nixdorf AG acquired and disposed of specific entities, in addition to disposing of individual assets by means of asset deals.

The following table illustrates the effects of these transactions on balance sheet items:

€k

	Sept. 30, 2017
	Total
Intangible assets and Property, Plant and Equipment	-4,898
Inventories	-29,941
Trade receivables, other receivables and deferred tax assets	-63,260
Cash and cash equivalents	-2,474
Accruals	28,181
Trade payables and other liabilities	66,653
Net assets and liabilites	**-5,739**
Consideration received consisting cash and cash equivalents	-120
Cash and cash equivalents over which control is lost	-2,533
Net cash and cash equivalents over which control is lost	**-2,653**

(29) Segment Report.

For the purposes of presenting segment information, the activities of the Group are divided into operating segments in accordance with the rules contained in IFRS 8 “Operating Segments”. Internal reporting within the Group is conducted on the basis of the customer profiles Banking and Retail as well as on the regional basis. Banking and Retail were defined as operating segments in accordance to IFRS 8.10. As chief operating decision maker (CODM) within the meaning of IFRS 8, our Board of Directors assesses the performance of these two operating segments on the basis of corporate reporting and makes decisions about resources to be allocated. The performance of the operating segments is assessed in particular by referring to “net sales to external customers” as well as EBITA.

The nature of products and services in the Banking and Retail segments are shown in the chapter “General Information” and in the Group Management Report.

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the Group financial statements. There were no changes in accounting policies compared to previous periods.

EBITA is the measure of segment profit (loss) used in segment reporting and comprises gross profit, selling, general and administration expenses, research and development expenses, other operating income and expenses, and result from equity accounted investments.

In the case of information by geographical region, external sales are based on the location of the customer’s registered office. In fiscal years 2016/2017 and 2015/2016, no single customer accounted for more than 10% of total net sales. The information disclosed for non-current assets relates to intangible assets without goodwill as well as property, plant and equipment and reworkable service parts. The allocation is given according to the location of the assets concerned.

Reconciliation of Segment Profit to Profit for the Period. €k

	2016/2017	2015/2016
Operating profit (EBITA)	165,684	143,568
Goodwill amortization	0	0
Operating profit (EBIT)	165,684	143,568
Finance income and finance costs	-2,586	-4,595
Profit before income taxes	163,098	138,973
Income taxes	-44,343	-37,086
Profit for the period	118,755	101,887
Profit attributable to non-controlling interests	-752	-1,451
Profit attributable to equity holders of Diebold Nixdorf AG	**118,003**	**100,436**

Reconciliation of Segment Assets and Segment Liabilities. €k

	Sept. 30, 2017	Sept. 30, 2016
Segment assets	822,233	1,045,505
Non-operating miscellaneous intangible assets (goodwill and product know-how)	340,185	348,555
Investments	8,459	3,714
Deferred tax assets	27,765	44,712
Receivables from related companies (exclusive of trade receivables from joint ventures)	62,600	12,496
Current income tax assets	12,300	16,558
Non-operating miscellaneous assets	135,880	117,861
Cash and cash equivalents	95,315	85,336
Assets held for sale	83,906	0
Assets	**1,588,643**	**1,674,737**
Segment liabilities	452,420	559,228
Equity	413,016	440,531
Accruals for pensions and similar commitments	75,040	82,586
Other accruals	174,407	197,456
Financial liabilities	2,139	77,929
Deferred tax liabilities	20,119	9,126
Financial liabilities to affiliated companies	203,030	58,249
Financial liabilities to related companies	1,121	931
Current income tax liabilities	35,785	40,982
Non-operating miscellaneous liabilities	170,726	207,719
Liabilities with regard to assets held for sale	40,840	0
Equity and Liabilities	**1,588,643**	**1,674,737**

Non-operating miscellaneous liabilities include other liabilities without deferred income.

(30) Consolidation Group as of September 30, 2017.

Fully consolidated subsidiaries

GERMANY	Capital share in %
Diebold Nixdorf Aktiengesellschaft , Paderborn	
WINCOR NIXDORF International GmbH, Paderborn	100
Diebold Nixdorf Banking Consulting GmbH , Paderborn	100
Diebold Nixdorf Business Administration Center GmbH, Paderborn	100
Diebold Nixdorf Customer Care GmbH, Paderborn	100
Diebold Nixdorf Visio GmbH, Paderborn	100
WINCOR NIXDORF Facility GmbH, Paderborn	100
Diebold Nixdorf Facility Services GmbH, Paderborn	100
Diebold Nixdorf Global IT Operations GmbH, Paderborn	100
Diebold Nixdorf Global Logistics GmbH, Paderborn	100
Diebold Nixdorf Grundstuecksverwaltung Ilmenau GmbH & Co. KG, Paderborn	100
Diebold Nixdorf Logistics GmbH, Paderborn	100
Diebold Nixdorf Lottery Solutions GmbH, Paderborn	100
WINCOR NIXDORF Manufacturing GmbH, Paderborn	100
Diebold Nixdorf Portavis GmbH , Hamburg	68
Diebold Nixdorf Real Estate GmbH & Co. KG, Paderborn	100
Diebold Nixdorf Retail Consulting GmbH, Paderborn	100
Diebold Nixdorf Retail Services GmbH, Paderborn	100
Diebold Nixdorf Security GmbH, Paderborn	100
Diebold Nixdorf Services GmbH, Paderborn	100
Diebold Nixdorf Technology GmbH, Paderborn	100
AEVI International GmbH , Paderborn	86.64
Bankberatung Organisations- und IT-Beratung für Banken AG, Hannover	92.54
IP Management GmbH, Paderborn	100
Prosystems IT GmbH, Bonn	100
TSG Tankstellen-Support GmbH, Cologne	100 [1)]
Projective BC Germany GmbH, Frankfurt am Main	53.07 [1)]

EUROPE	
Belgium	
Projective NV , Diegem	53.07 [1)]
WIK Consulting BVBA , Diegem	53.07 [1)]
Czech Republic	
Diebold Nixdorf s.r.o., Prague	100 [1)]
Diebold Nixdorf Retail Solutions s.r.o., Prague	100
Aevi CZ s.r.o., Prague	86.64 [1)]
Denmark	
Diebold Nixdorf A/S, Ballerup	100 [1)]
Finland	
Diebold Nixdorf Oy, Espoo	100 [1)]
France	
Diebold Nixdorf SAS, Vélizy- Villacoublay	100
Projective BC France, Paris	53.07 [1)]
Great Britain	
Wincor Nixdorf Banking Services Ltd., Bracknell, Berkshire	100 [1)]
DIEBOLD NIXDORF (UK) LIMITED, Bracknell, Berkshire	100 [1)]
Aevi UK Limited, Bracknell / Berkshire	86.64 [1)]
Projective London Ltd., London	53.07 [1)]

EUROPE

Greece	
Diebold Nixdorf Information Systems S.A., Kifisia/ Athens	100
Hungary	
Diebold Nixdorf Kft., Budapest	100
Ireland	
Diebold Nixdorf (Ireland) Limited, Dublin	100 [1)]
Italy	
Diebold Nixdorf S.r.l. , Basiglio / Milan	100
Malta	
Wincor Nixdorf Finance Malta Holding Limited , St. Julian´s	100 [1)]
Wincor Nixdorf Finance Malta Limited, St. Julian´s	100 [1)]
Norway	
DIEBOLD NIXDORF AS, Oslo	100 [1)]
Poland	
Diebold Nixdorf BPO Sp.z.o.o. , Warsaw	100 [1)]
Diebold Nixdorf Sp. z o.o. , Warsaw	100 [1)]
Portugal	
Diebold Nixdorf Portugal, Unipessoal, Lda., Carnaxide	100
Russia	
LLC WINCOR NIXDORF, Moscow	100 [1)]
Wincor Nixdorf Oil & Gas IT LLC, Moscow	49.9 [1)]
Slovakia	
DIEBOLD NIXDORF s.r.o., Bratislava	100
Sweden	
Diebold Nixdorf AB, Solna	100 [1)]
Switzerland	
BEB Industrie- Elektronik AG, Burgdorf	100
CI TECH Sensors AG, Burgdorf	75 [1)]
Diebold Nixdorf Finance AG, Baar	100
Spain	
DIEBOLD NIXDORF SL, Madrid	100
Dynasty Technology Group, S.A.U., Madrid	100
The Netherlands	
Projective Biz B.V., WP´s Gravenhage	53.07 [1)]
SecurCash B.V., Rotterdam	100 [1)]
SecurCash Geldverwerking B.V., Houten	100 [1)]
SecurCash Nederland B.V., Houten	100 [1)]
Diebold Nixdorf B.V., Delft	100 [1)]
Diebold Nixdorf Global Solutions B.V., Utrecht	100 [1)]
Diebold Nixdorf Software Partner B.V., Utrecht	100 [1)]
Diebold Nixdorf Software CV, Utrecht	100 [1)]
Turkey	
Diebold Nixdorf Teknoloji AS, Kadikoy / Istanbul	100
Ukraine	
LLC DIEBOLD NIXDORF, Kiev	100 [1)]

AMERICAS	Capital share in %
Brazil	
Wincor Nixdorf Soluções em Tecnologia da Informação Ltda., Atibaia/ São Paulo	100
Dynasty Technology Brasil Software Ltda., São Paulo	100 [1)]
Canada	
Wincor Nixdorf Canada Inc., Mississauga/ Ontario	100
Mexico	
Wincor Nixdorf IT Support S.A. de C.V., Mexico City	99.998 [1)]
Wincor Nixdorf S.A. de C.V., Mexico City	100 [1)]
USA	
Wincor Nixdorf Inc., Austin	100
Venezuela	
Wincor Nixdorf C.A., Caracas	100
IT SOLUCIONES INTEGRALES, C.A., Barquisimeto	100

ASIA-PACIFIC	
Australia	
WINCOR NIXDORF AUSTRALIA PTY LTD, Frenchs Forest/ Sydney	100 [1)]
China	
Diebold Nixdorf (Hong Kong) Limited , New Territories, Hong Kong	100
Diebold Nixdorf Information Systems (Shanghai) Co., Limited	100 [1)]
India	
Wincor Nixdorf India Private Ltd., Mumbai	100 [1)]
Indonesia	
PT. Wincor Nixdorf Indonesia, Jakarta Selatan	100
Malaysia	
Wincor Nixdorf (M) Sdn. Bhd., Kuala Lumpur	100 [1)]
Philippines	
WINCOR NIXDORF (PHILIPPINES), INC., Makati City	100
Singapore	
WINCOR NIXDORF PTE. LTD., Singapore	100
WINCOR NIXDORF MANUFACTURING PTE. LTD, Singapore	100
Taiwan	
Wincor Nixdorf Taiwan Ltd., Taipei	100
Thailand	
Wincor Nixdorf (Thailand) Co., Ltd., Bangkok	100

AFRICA	Capital share in %
Algeria	
DIEBOLD NIXDORF EURL, Algiers	100 [1)]
Morocco	
Wincor Nixdorf S.A., Casablanca	100
South Africa	
WINCOR NIXDORF (PTY) LTD, Hurlingham- Sandton	100

Subsidiaries not consolidated

EUROPE

LLC MCES , Moscow	49.9 [1)]
Diebold Self-Service Ltd., Russia	100 [1)]
Altus Bilisim Hizmetleri Anonim Sirketi, Turkey	100 [1)]

ASIA-PACIFIC

Diebold Singapore Pte. Ltd. Liability, Singapore	100 [1)]

AFRICA

Wincor Nixdorf Retail ME DMCC, Dubai	80
Wincor Nixdorf Limited, Lagos	100

Joint ventures

EUROPE

CROWN B.V, Delft	50

Associates

ASIA-PACIFIC

Aisino-Wincor Retail & Banking Systems (Shanghai) Co.,Ltd, Shanghai	43.56 [1)]
Aisino-Wincor Manufacturing (Shanghai) Co., Ltd, Shanghai	43.56 [1)]
Aisino-Wincor Engineering Pte. Ltd., Singapore	43.56

[1)] Fiscal year ending December 31st

The following German subsidiaries of Diebold Nixdorf AG made part or total use of the exemption clause included in Section 264 (3) and Section 264b of the German Commercial Code in fiscal year 2016/2017:

- WINCOR NIXDORF International GmbH, Paderborn
- Diebold Nixdorf Banking Consulting GmbH, Paderborn
- Diebold Nixdorf Business Administration Center GmbH, Paderborn
- Diebold Nixdorf Customer Care GmbH, Paderborn
- Diebold Nixdorf Visio GmbH, Paderborn
- WINCOR NIXDORF Facility GmbH, Paderborn
- Diebold Nixdorf Facility Services GmbH, Paderborn
- Diebold Nixdorf Global IT Operations GmbH, Paderborn
- Diebold Nixdorf Global Logistics GmbH, Paderborn
- Diebold Nixdorf Logistics GmbH, Paderborn
- WINCOR NIXDORF Manufacturing GmbH, Paderborn
- Diebold Nixdorf Retail Consulting GmbH, Paderborn
- Diebold Nixdorf Retail Services GmbH, Paderborn
- Diebold Nixdorf Security GmbH, Paderborn
- Diebold Nixdorf Services GmbH, Paderborn
- Diebold Nixdorf Technology GmbH, Paderborn
- Diebold Nixdorf Real Estate GmbH & Co. KG, Paderborn

- Diebold Nixdorf Grundstücksverwaltung Ilmenau GmbH & Co. KG, Paderborn
- IP Management GmbH, Paderborn
- Prosystems IT GmbH, Bonn
- TSG Tankstellen Support GmbH

(31) Auditor's Fees.

The following fees for our Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, were recognized as expenses for services rendered during fiscal year 2016/2017 and 2015/2016:

€k

	2016/2017	2015/2016
For audit fees	1,847	1,227
For other certification or valuation services	141	460
For tax consultancy	469	731
For other services rendered to Diebold Nixdorf AG or its subsidiaries	50	1
Total	**2,507**	**2,419**

The fees for audit services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relate primarily to the audit of the consolidated financial statements and the annual financial statements of Diebold Nixdorf AG as well as to the audit of annual and consolidated financial statements of various subsidiaries. Additionally, audits and reviews were conducted in respect of reporting packages relating to interim financial statements of Diebold Nixdorf AG and various subsidiaries for the purpose of their inclusion in the consolidated financial statements of Diebold Nixdorf Inc., North Canton, Ohio, USA.

Other assurance services include the assessment of compliance with IT Systems with regard to proper accounting principles (GoBD) and other contractually agreed certification services.

Tax consultation services include assistance relating to the preparation of transfer pricing documentation, general consultation services regarding the cross-border deployment of employees and staff secondment processes, excluding consultation services in respect of income taxes, assistance with the preparation of company tax returns, advance tax returns and tax consultation services concerning corporate restructuring.

Other items include general consultation services with regard to the application or introduction of financial reporting principles.

(32) Statement of Compliance with the German Code of Corporate Governance.

The Board of Directors and Supervisory Board of Diebold Nixdorf AG have issued the statement of compliance with the German Code of Corporate Governance according to Section 161 of the German Stock Corporation Act, and have made it permanently available to the shareholders on the Diebold Nixdorf website www.dieboldnixdorfag.com under the section Diebold Nixdorf/Investor Relations.

Information reported pursuant to Section 15a of the German Securities Trading Act ("Directors' Dealings") can be also obtained from the above mentioned website.

(33) Events after the Balance Sheet Date.

After the reporting period interests in DIEBOLD FRANCE SARL, France, as well as assets and liabilities relating to the entities Diebold Hong Kong Services Limited, Hong Kong, and DIEBOLD-CORP SYSTEMS SDN. BHD, Malaysia, were acquired by the respective regional companies of the Group in the context of the DN2020 transformation program. Additionally, the interests in Dynasty Technology Brasil Software Ltda., São Paulo, Brazil, WINCOR NIXDORF AUSTRALIA PTY LTD, Frenchs Forest/Sydney, Australia, and WINCOR NIXDORF (PTY) LTD, Hurlingham-Sandton, South Africa, were disposed of within the Diebold Nixdorf, Inc. Group.

Paderborn, December 20, 2017

Diebold Nixdorf AG, Paderborn

Dr. Wunram	Chapman	Heyden
President and Chief Executive Officer	Board Member	Board Member
Dr. Näher	Pfeil	
Board Member	Board Member	

GROUP MANAGEMENT REPORT OF DIEBOLD NIXDORF AKTIENGESELLSCHAFT FOR FISCAL 2016/2017

1 Fundamental information about the Group.

1.1 Structure and business operations.

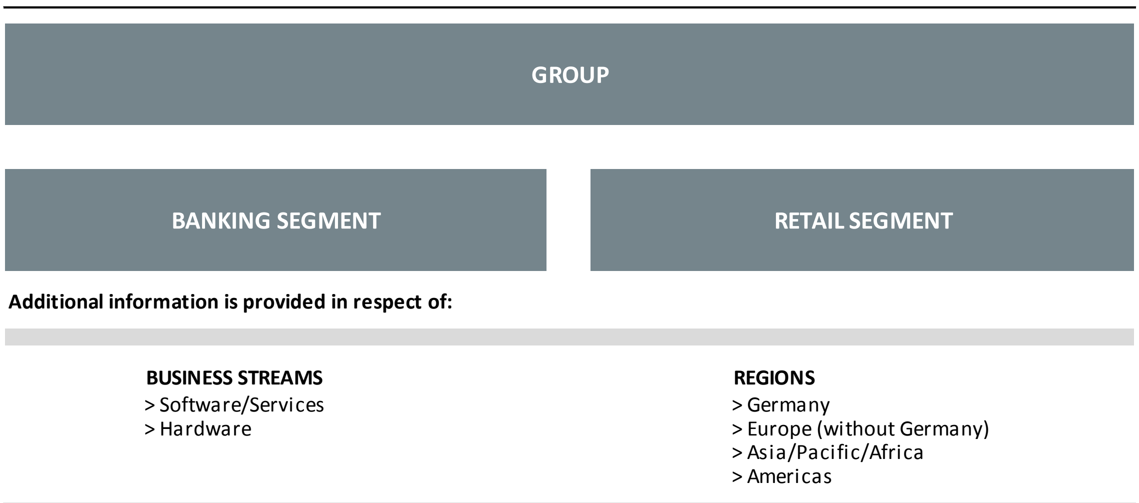
Overview.

Global IT specialist with a consumer-facing business. Diebold Nixdorf AG (hereinafter referred to as "the Company" or "the Group") is one of the world's leading providers of IT solutions and services to retail banks and the retail industry. We also serve customers with similar structures, such as postal companies and service station operators. Our comprehensive portfolio is designed to support our customers' business operations – especially at branch and store level – in both sectors. Our core business involves optimizing and redesigning processes with the help of information technology.

The Group's global workforce numbers around 8,400. Over half are employed outside Germany. Around 60% of the Group's net sales are generated by its retail banking products and services and roughly 40% from its retail industry business. Software and Services account for over half of the Group's business, while the rest is attributable to Hardware sales.

The business-related details presented and described in this management report are based on the following structure:

Group Reporting Structure.



Legal structure of the Company.

Diebold Nixdorf AG (formerly "Wincor Nixdorf AG") is a stock corporation (Aktiengesellschaft) under German law. The Company's registered office is at Heinz-Nixdorf-Ring 1, in 33106 Paderborn. The section entitled "Fundamental information about the Group" in the Group management report of Diebold Nixdorf AG for fiscal 2015/2016 includes detailed information on the takeover of Diebold Nixdorf AG by Diebold Nixdorf, Incorporated, USA (formerly "Diebold, Incorporated"; hereinafter referred to as "Diebold Nixdorf, Inc."). With the approval of the Annual General Meeting, a domination (*Beherrschung*, officially referred to under IAS/IFRS as “control”) and profit transfer agreement was concluded in September 2016 between the wholly-owned subsidiary of Diebold Nixdorf, Inc., namely Diebold Nixdorf Holding Germany Inc. & Co. KGaA (formerly “Diebold Holding Germany Inc. & Co. KGaA”, hereinafter referred to as "Diebold Nixdorf KGaA"), and Diebold Nixdorf AG. At the same time, an agreement was reached to change the company name from Wincor Nixdorf AG to Diebold Nixdorf AG. Both the domination and profit transfer agreement and the change of the company name became effective upon entry in the Commercial Register at the District Court of Paderborn in February 2017 respectively November 2016.

In total, 91 entities were included in the consolidated financial statements of Diebold Nixdorf AG as part of full consolidation, while three entities were included by applying the equity method. Further details of the scope of consolidation are presented in the notes to the consolidated financial statements **[29]**.

We have an international network of hardware production facilities that includes a number of external partners. The Group has production sites in Germany and, as part of a joint venture, in China.

Our research and development activities are also spread around the world – in Germany, Switzerland, Poland, Singapore, and the Czech Republic. Additionally, we collaborate with a growing network of external partners and research institutes.

Business model.

Development of business processes with intelligent IT solutions. Diebold Nixdorf AG effectively supports the efforts of banks and retailers to gear their operations to the requirements of the digital age. Accordingly, one of our core tasks is to link digital and stationary sales channels together in a way that promotes new business.

There are two factors that our clients now have to take into account if they wish to remain competitive. Firstly, they have to adapt to the changing behavior patterns and changing expectations of consumers who are increasingly turning to electronic and mobile communication channels. The challenge here is to enhance the customer experience across the whole range of sales channels. Secondly, the general business environment – characterized by growing competition, low interest rates, and tighter regulation – means they have to continue streamlining their cost structures. One way in which they can achieve this is through further process automation and optimization.

At the same time, both retail banks and retailers have to meet the challenges thrown up by their ongoing international expansion. This process demands technological solutions that can be easily adapted and extended to new markets.

Our Company supplies the information technology – Software, Hardware, and Services – that our customers need in order to overcome these challenges and seize new market opportunities as they arise. In line with the rapid advance of digitalization, we are keen to push software and software-related services to the forefront as the main engine of growth within the Group. At the same time, however, we plan to harness future business opportunities with our innovative hardware and to adapt our resources in this area so that we can operate more cost-effectively and even more competitively. Our success therefore depends on our ability to develop leading technologies and solutions, in addition to providing innovative “as-a-service” operating models. The aim here is to simplify the interfaces between our clients' processes and their customers and help our clients to work more efficiently and productively. In order to support this ongoing transformation of our clients' operations and establish ourselves as a long-term innovation partner, we make it our business to develop a thorough understanding of their processes. In this context, one of our key strengths is the fact that our customers can find all the products, services, and know-how they require from a single provider. From their perspective, that reduces the complexity of the transformation process. Furthermore, we can apply our strengths in a fully integrated form. At the same time, we are systematically extending our range of expertise and developing new and highly competitive services from directly within the market. Another factor in our favor is that we are in a strong position to retain the loyalty of our customers in the long term by providing support across the full spectrum. Within the framework of our business model, we act at all times in accordance with the principles of sustainability. Our principles are outlined in a dedicated section of this report under the heading "Sustainability."

Product and service portfolio.

Full-spectrum portfolio encompassing Software, Services, and Hardware. Our Company supplies IT solutions that can be implemented by retail banks and retail industry customers to create efficient and highly automated processes across all their sales channels. Our portfolio encompasses Software, Services, and Hardware. We cover the full spectrum of products and services – from process consulting and design through to delivery and integration of the right solution and ongoing operational support.

Two of the areas in which we specialize are:

- omni-channel software to link digital and stationary sales channels;
- the integration of mobile technologies, such as tablets, that can be deployed by our banking customers at branch level, for instance, to offer more detailed advice, and checkout applications on mobile devices for our retail customers.

Our highly available IT solutions facilitate customer-friendly and secure processing of standard transactions in the retail banking sector while creating a service-led purchasing environment for retailers.

In addition, alongside one of its core competencies – cash processing –, Diebold Nixdorf continues to develop its portfolio of cashless transaction solutions.

1.2 Goals and strategy of the Diebold Nixdorf, Inc. Group.

Predefined corporate goals and strategy.

Due to the domination and profit transfer agreement concluded with Diebold Nixdorf KGaA, Diebold Nixdorf AG is ultimately subject to the control of Diebold Nixdorf, Inc. as the primary controlling entity. With this in mind, the objectives and strategy drawn up by the parent company for the Diebold Nixdorf, Inc., Group as a whole are applicable accordingly. Therefore, the goals and strategy defined for Diebold Nixdorf AG are based on details specified by Diebold Nixdorf, Inc.

Additionally, an extensive, multi-year integration and transformation program by the name of DN2020 has been initiated in support of the targets specified for the Diebold Nixdorf, Inc., Group. This program is aligned with the strategic mission statement defined for our integrated Group as regards the year 2020 and focuses on how we can embrace progressive change within our markets for the purpose of generating growth and operating in a manner that is as efficient and profitable as possible.

DN2020 encompasses all divisions and functions within the Group as a whole and therefore also applies to Diebold Nixdorf AG. The global program is built on six pillars:

Connected Commerce Strategy: We are committed to supporting our customers in their efforts to digitize their business operations. For this purpose, it is essential that we identify which fields of technology and which innovations hold potential for the future, in addition to determining how we can evolve our product and service offering.

Operational Excellence: Our own business processes must be centered around end-to-end customer satisfaction and operational efficiency. Only by embracing this principle of excellence can we continue to perform more successfully than others. To achieve this, we will focus on continuous improvement and the implementation of best practices.

Sales Excellence: Providing our customers with best-in-class service and support is an essential prerequisite for market success. With this in mind, we are strengthening our sales organization so that we can unlock further business opportunities, the emphasis being on advanced know-how together with superior infrastructures and processes.

Culture/Talent: We are looking to build a culture of innovation that demands top-level performance and fosters talent. At the same time, we consider it important that our business is fully aligned with statutory requirements and fundamental principles of ethics.

Financial Excellence: In order to pursue our goals and operate efficiently as a company, it is essential that we have access to up-to-the-minute corporate data. Therefore, we are committed to continuously improving our structures and processes for reporting and analysis as well as in the area of capital management.

Integration: We want to harness the opportunities of our business combination to the largest extent possible. For this purpose, we will be looking to leverage our strengths, harmonize internal processes, and drive forward business performance.

1.3 Corporate management and performance indicators.

Strategic planning as the basis for operational management. The management and control processes of the Diebold Nixdorf AG Group are based on annual plans, which to a large extent take account of the overall strategic planning of the Diebold Nixdorf, Inc. Group. These include an assessment of our sales units and regions and their corresponding markets and customers with a view to identifying changes and developments and building them into our corporate targets at an early stage. Additionally, strategic planning also covers the Group's main functions (Production and Procurement, Research and Development, Services) to ensure that they are aligned with changes in customer and market requirements. It provides the basis for medium-term objectives for the Banking and Retail segments. Additionally, the objectives for the Group's various units and functions are derived from this strategic plan.

Strategic considerations feed into a multi-year plan that also includes our budget target for the following year. This target is applied to operational planning for the various organizational units, at which point it is linked to more detailed objectives and measures at an operational level.

Opportunity and risk management also plays a key role in operational planning and in decision-making at an operating level. All the Group's operating units are integrated into this process. Every month, based on the latest results and developments, we draw up a rolling plan (forecast) with updated financial control indicators for the current fiscal year. By monitoring this rolling plan, we are able to identify any deviations from agreed targets at an early stage and, if required, initiate measures to ensure those targets are still met.

An integrated IT system is used for planning, control, and reporting processes.

It is monitored regularly and adapted as required to meet new demands. This ensures that the system remains up to date and effective.

Financing strategy provides room for maneuver. One of the prime objectives of the financing strategy adopted by Diebold Nixdorf AG is to maintain adequate levels of liquidity in order to ensure that the Company has sufficient financial scope to maneuver in respect of its ongoing business activities. At the same time, the aim is to make sure that the financial requirements associated with sustained growth by the Company are taken into account.

For the purpose of providing sufficient financial scope in pursuit of this goal, an agreement was entered into with Diebold Self-Service Solutions S.A.R.L. at the beginning of August 2016 covering a revolving credit line of €300 million over a term of five years.

Managing success with the help of selected financial indicators. Our main focus is on indicators of financial performance. They are compiled at Group level as central financial indicators. At the next reporting level below that, we measure our performance in respect of the Banking and Retail segments, the different regions, our sales entities, and investees, as well as our Hardware and Software/Services business streams.

Focus on main control parameters. The main financial performance indicators used to control the Diebold Nixdorf AG Group and as the basis for senior management decisions are **net sales** as well as **operating profit (EBITA)** before non-recurring items (transaction and restructuring expenses) and operating profit (EBITA) including transaction and restructuring expenses.

Operating profit (EBITA) is a key measurement and control indicator for the entire Diebold Nixdorf AG Group and for the underlying profitability of its Banking and Retail segments. EBITA stands for Earnings before Interest, Taxes, and Amortization (of Goodwill).

The **EBITA margin** is another financial indicator used to measure the performance of the Group's operating and strategic segments (Banking and Retail) and of its sales regions and sales units, the aim being to steer them towards profitable and sustainable growth. It is calculated as EBITA in relation to net sales.

Wider performance measured by additional indicators. In the course of our day-to-day operational business, we link various activities as closely as possible to the most important control parameters. Diebold Nixdorf also makes use of other financial and non-financial indicators to measure the economic success of its business activities.

At Group level, other financial indicators include **net cash from operating activities**, **working capital**, **gross profit margin**, **research and development costs,** and **selling, general, and administration expenses**. **Profit for the period** as well as related factors such as the **financial result** (i.e. net finance income/cost) and **taxes on income** (Group tax rate) are also carefully examined.

It should be noted that performance indicators such as EBITA, EBITA before restructuring and transaction expenses, EBITA after transaction expenses but before restructuring expenses, EBITA margin, EBITDA, EBITDA before restructuring and transaction expenses, working capital, and other key financials are not specifically defined by IFRS. Therefore, they constitute non-IFRS indicators. These are widely acknowledged definitions and key performance indicators ("KPIs") used by numerous companies in the context of financial management.

The above financial indicators are supplemented by **non-financial indicators** within the Group's individual functional areas. These include the Group headcount in Human Resources, while in R&D the number of patent applications and the number of active patents reflect the innovative strength of our research and development network. We also record data on quality, **supplier reliability**, and stock turn. These indicators help us to improve quality and achieve productivity gains, as well as generating economies of scale and reducing our costs.

As part of our sustainability management system, we look at **other non-financial indicators** in the fields of water and energy, business travel, transport, waste management, and human resources in order to monitor the Group's progress. Full details of these non-financial indicators can be found in our Sustainability Report.

1.4 Sustainability.

Our path – pursuing sustainability, showing integrity.

Diebold Nixdorf's all-round view of sustainability is crucial to our long-term success as an enterprise. We believe that the only way to deliver lasting success is by living up to our economic, ecological, and social responsibilities. To this end, we aim to minimize the environmental impact of our use of resources, and we actively support social initiatives. Social engagement and ongoing commitment to staff welfare are every bit as important to us as our belief in fair competition.

We are in the process of establishing a Group-wide sustainability framework with due regard for all the factors that affect the Company. Employees at each of our local sites support the measures adopted by our Competence Center, which is authorized to issue guidelines on environmental, occupational safety, health, and staff welfare matters. The specific actions prescribed under our sustainability rules are documented in the form of internal directives, process instructions, and work instructions. These form part of the Group's integrated management system.

Sustainable products to match our corporate values.

Diebold Nixdorf assumes responsibility for the environmental impact of its products and aims to keep that impact as low as possible. As well as being aware of our role as energy and resource consumers, we are actively helping to meet the goals specified in the climate agreement. Having implemented the international ISO 14001:2015 standard, we specifically examine key environmental aspects of our products as part of our environmental management system.

As our first milestone towards the goal of optimizing our products from an environmental perspective, we conduct and evaluate environmental impact tests, e.g., by calculating individual product carbon footprints. The environmental impact of each product is analyzed over its entire life cycle (production, use, and disposal) and presented in terms of climate-damaging CO_2 equivalents. This form of environmental impact testing means that we can offer our customers maximum transparency in their choice of products.

Sustainability reporting – progress and key issues.

Each year, we record in a sustainability report all the latest developments and all the progress we make as an enterprise; this report is based on the guidelines set out in the Global Reporting Initiative (GRI). Under a new EU directive that comes into force in 2018, companies will have to disclose various non-financial indicators. At Diebold Nixdorf, these disclosures are already established practice thanks to our sustainability management system.

As part of the ongoing development of our company, we focused on the following measures during the reporting period 2016/2017:

- In May 2017 our work in the field of environmental impact testing (Product Carbon Footprint) was recognized at the German Awards for Excellence organized by the audit and certification firm DQS. The award will encourage us to conduct further life cycle analyses and embed the issue even more firmly in our day-to-day business operations.
- We have successfully completed energy audits at all our sites in Germany and the rest of the EU. These involved calculating and then evaluating our use of resources such as electricity, gas, and heat energy. Based on our findings, we identified appropriate energy-saving measures and implemented all those judged to be financially viable.
- We are also seeking advice from an external consultant so that we can push ahead with further *ecodesign* measures based on the principles of sustainability. We held a

company workshop on the subject in May 2017 and are currently looking at ways of implementing its recommendations.

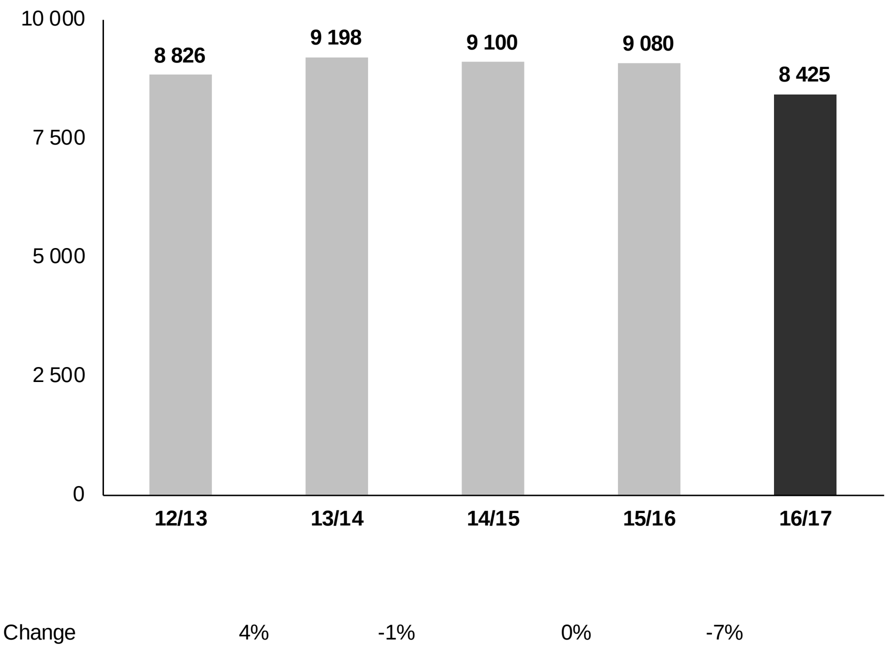
- Real-time communication is an increasingly important aspect of our day-to-day routines in today's globally integrated world. In 2016, we set up a series of *telepresence* rooms with the goal of reducing travel costs and the associated greenhouse gas emissions. Cutting back on business travel also helps to improve the work-life balance of our employees.
- In terms of social engagement, Diebold Nixdorf has been involved for the last ten years in a project designed to integrate disabled people into the world of work. Over this period, 33 people with disabilities have been offered production-line jobs (assembling components into modules) as part of this *integration project*. Performing independent work of this kind boosts their confidence and allows them to feel valued.

1.5 Employees.

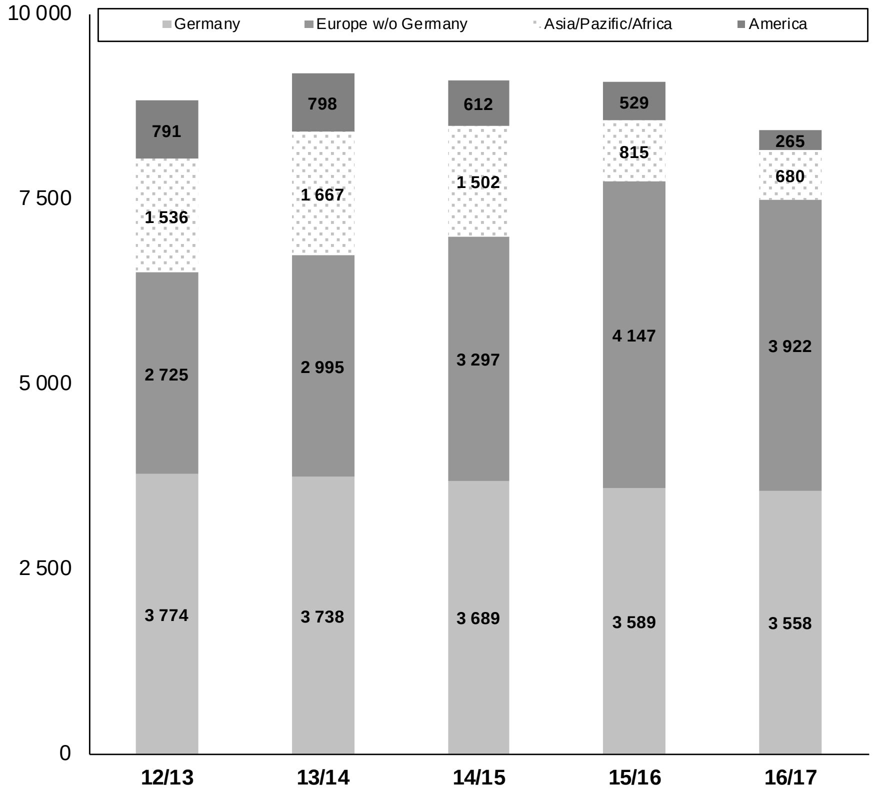
Employee structure.

As of September 30, 2017, the Group's total headcount stood at 8,425. The corresponding figure at the end of the previous fiscal year was 9,080. This decrease was mainly due to changes to the basis of consolidation. In Germany, the number of employees at the end of the year under review stood at 3,558 (2015/2016: 3,589). The number of staff employed outside Germany was 4,867 (2015/2016: 5,491).

Group Headcount.

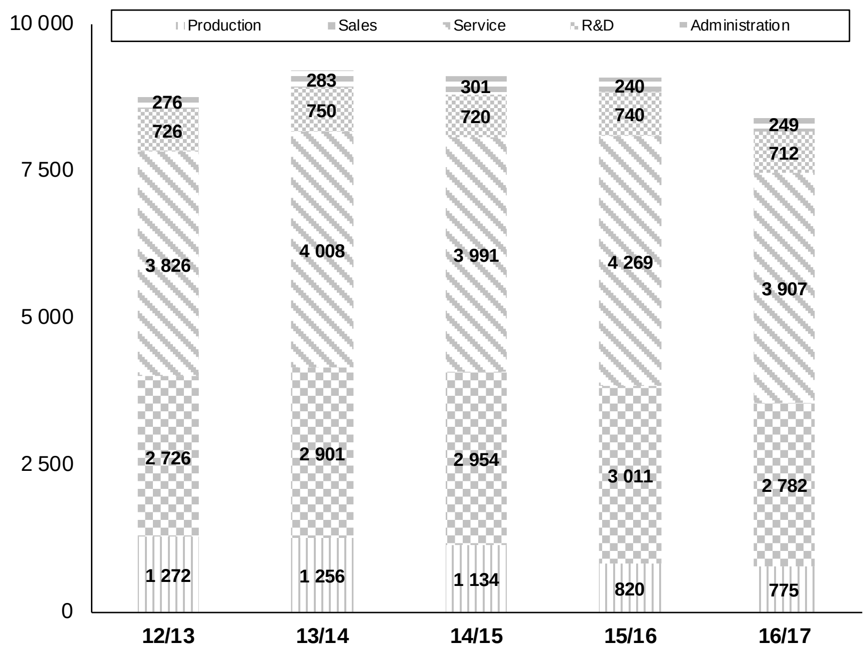


Group Headcount by Region.



Focus on integration into the new organizational structure. During the year under review, the focus of our personnel work was on integrating employees into our new organizational structures. With this in mind, one of the main elements of our training and skills development program was lateral management, the aim being to give our senior specialist staff the skills needed to deal with cross-divisional projects and tasks.

Group Headcount by Function.



Training in Software and Services. We maintained our focus on initial and advanced training in the areas of Software and Services. Courses were arranged for sales staff from every part of the company.

We held a series of centrally organized product training courses to ensure that our staff have the required portfolio and product know-how, especially on the Software side. In addition, we expanded our established train-the-trainer concept to enhance the skills of our in-house trainers in areas such as Services.

Attracting the next generation of skilled employees. As part of our wider strategy of integrating university graduates into the company once they complete their studies, we constantly aim to develop new contacts in the field of higher education. Our targeted programs include tailored work experience opportunities, internships, and final-year research positions that allow students to gain practical experience. We also attract new technical and commercial staff through our dual education/training and degree/work programs.

This approach is complemented by a dedicated system of in-company talent spotting and development that we launched many years ago. With the help of this ongoing process, we have identified a number of employees with the skills needed for leadership positions in the new personnel structure.

Applying modern learning methods. Alongside the comprehensive training packages available through our Learning Management System, we provide our staff with the tools they need to acquire new skills and knowledge independently. We favor modern approaches such as e-learning and blended learning. These combine traditional seminars and workshops at the training center with modern e-learning techniques and greater use of video and online courses.

1.6 Research and development (“R&D”).

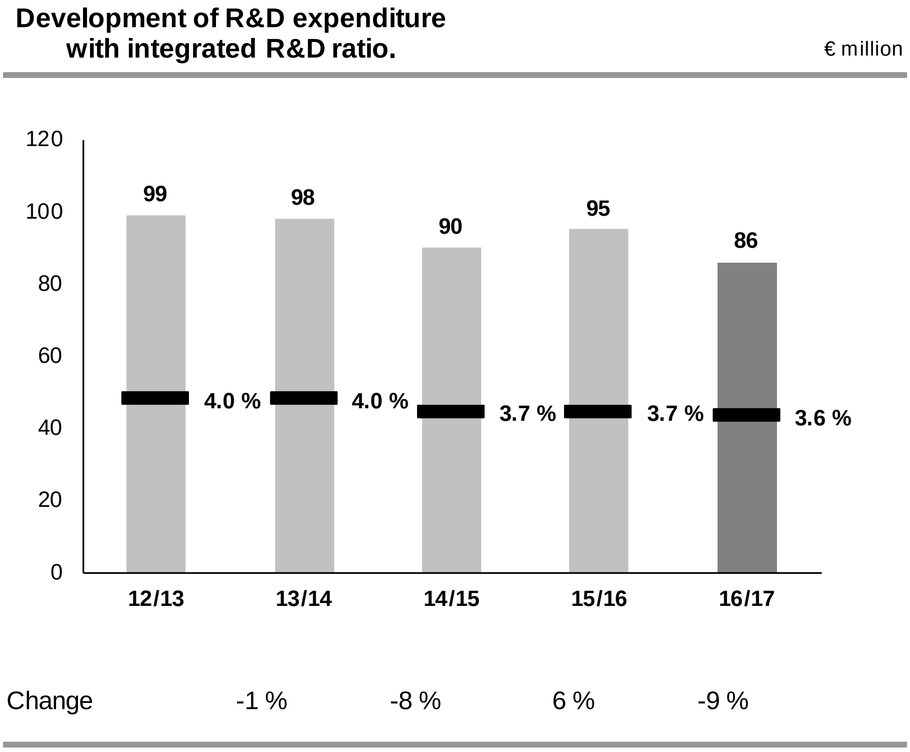
The goal of our research and development activities is to increase the value of our products and solutions for our customers. To a large extent, the future success and viability of our company depends on whether we can offer exceptional services that satisfy those customers. We are committed to developing leading technologies and solutions, especially at the consumer interface. We want to equip our customers to forge a successful path in an environment of dynamic digitalization and to use our solutions as a tool that allows them to build bridges between the physical and the digital world.

One of our key competencies lies within the area of high-end automation technology; these highly sophisticated solutions are underpinned by extensive services as well as state-of-the-art hardware and software. Integrated solutions made up of systems, software, and IT services are a vital ingredient of the trend towards ever-greater digitalization in the banking and retail sectors. This is particularly the case when developing connected commerce concepts, implementing branch and store transformation projects, automating the full spectrum of cash processes, and devising systems to facilitate and handle cashless, card-based, and mobile payment procedures.

Regional concentration of R&D resources. At the end of the financial year, the headcount within the area of R&D stood at 712 (2015/2016: 740). As part of our restructuring program, the number of R&D employees in Germany was reduced by 17 (down 3%) to 485. The total R&D headcount outside Germany fell by 11 (down 5%) to 227.

We made further changes to our international R&D structure involving a series of new measures to concentrate our resources at fewer locations. In addition to Germany, we have research and development facilities in Switzerland, Poland, the Czech Republic, and Singapore. The total number of active property rights was 1,829 (2015/2016: 1,783).

R&D expense down year on year. Research and development costs, which contained no significant expenses from non-recurring items (restructuring) in the fiscal year under review, amounted to €86 million (2015/2016: €95 million), a year-on-year decrease of €9 million or 9% in expenses. At 3.6%, the R&D ratio in fiscal 2016/2017 was comparable to the prior-year figure (2015/2016: 3.7%). In the period under review, capitalized research and development costs amounted to €12 million (2015/2016: €6 million). As regards capitalized research and development costs, depreciation and amortization totaled €2 million in the 2016/2017 financial year (2015/2016: €1 million).



Banking software: focus on customer-oriented solutions for connected commerce.

Following the business combination, we realigned and consolidated our software portfolio from a strategic perspective. On the hardware side, we adopted a "best-of best" approach.

Our banking customers are gearing up more and more to offer their services across all their physical and digital channels and touch points with a view to establishing a uniform customer journey. We have restructured and extended our software suite so that our banking customers can display a full record of contact histories all the way from the first contact through to the conclusion of an operation or transaction.

One important trend that has emerged involves implementing architectures through cloud-based micro-services instead of monolithic environments, thus reducing installation and maintenance costs. In the year under review, we made some of our server software cloud-compatible with due regard for the latest standards.

New approaches to software development are needed in order to keep pace with demands on evolving technology platforms. We make increasing use of programming tools to help us produce and supply software at the required speed. These tools allow us to model transactions, and based on the transaction model we can then go on to produce software components that can be used for every channel. This helps to reduce complexity and cost and speeds up time to market.

We have adapted our GUIs (Graphical User Interface) to the latest web development standards so that they can be used with the same look and feel on all terminals.

To enhance the security and availability of our installed systems, we refined our security software and invested in our own management software for remote maintenance of self-service systems.

Banking hardware: portfolio integration using a best-of-best approach.

During the post-merger integration period, the focus of our ongoing development work for banking systems was on the harmonization of our global portfolio. This was achieved using a best-of-best approach. Our future portfolio will therefore comprise the best systems and individual components in terms of performance, total product life-cycle costs, and quality. Furthermore, we introduced a uniform company-wide color scheme for our system portfolio.

In order to reduce the level of complexity in Diebold Nixdorf's research and development network, we implemented a parts standardization program.

Some countries have issued new polymer banknotes. We have adapted our cash modules so that these notes can be processed with no loss of quality.

Security is a crucial element of cash handling. With this in mind, we continued work to develop technologies and system components that help to improve security. One example of this is a new cash dispenser seal that makes it difficult to introduce gas and therefore prevents attempts to use explosives.

We made further improvements in terms of user-friendliness and user experience. At the same time, we integrated larger screens into our systems. As an alternative to entering a PIN using a separate keypad (Encrypted Pin Pad, EPP), we now provide systems that allow customers to enter their PIN using a touch monitor. The PIN is encrypted in the monitor and the encryption certified. To facilitate contactless transactions with NFC (Near Field Communication) cards or NFC-compatible smartphones, we integrated NFC modules into our systems.

Retail software: intuitive and ready for international deployment.

With regard to software developments for our retail customers, our focus in the year under review was on improvements to user-friendliness and the functionality of the TP Application Suite.

Thanks to our extended micro-services-based software architecture and standardized applications logic, we can now supply a comprehensive, future-proof applications suite based throughout on cloud-oriented technologies and development principles. The "look and feel" of individual components have been standardized, resulting in an intuitive user experience that covers all the possible scenarios for stationary and mobile applications.

We also worked on improvements that make it possible to deploy the software more widely at an international level, thus supporting the expansion plans of many of our customers. Using standardized country versions, retailers will be able to open up new markets quickly and inexpensively without additional costs for software adaptation. Our out-of-the-box versions comply with the legislation, tax rules, and language requirements of numerous countries.

Strategic partnerships for selected high-growth areas. We teamed up with the Swedish software company Datema to expand our portfolio in the area of mobile self-scanning by customers.

Components for mobile solutions play an increasing role in our solutions portfolio. The strategic partnership between the Diebold Nixdorf, Inc. Group with Kony, Inc., one of the biggest providers of cross-platform, cloud-based mobility solutions will help to expand our portfolio of mobile solutions for applications at branch level and in digital retailing.

Retail hardware: high-performance technology covering the full spectrum of retail formats.

We made further refinements to our retail systems in terms of performance, user-friendliness, and functionality.

For example, we equipped our checkout systems with the latest processor technology. We introduced an extremely compact terminal to our range of self-checkout systems. The new terminal only accepts payments made using a card or smartphone. We developed a compact, multi-purpose kiosk terminal to provide digital support for consumers at every stage of the purchase process. The terminal can be used, for example, to request product information, submit orders, or offer special customer services such as ticket sales. It can also be used as a self-checkout for shopping trolleys containing relatively few items.

We developed a low-cost, entry-level solution to automate cash processes for coins and banknotes at the POS. This solution is designed for payment scenarios involving small amounts of cash, e.g., in a baker’s or butcher’s shop or at the pharmacy.

Thanks to new 360° recognition technology, our new family of reverse vending systems is much faster than those of the previous generation. They are also simpler to use and easier to clean. A more compact design means that they can be installed in a smaller space. The background technology has been refined and can be extended in modular form.

1.7 Procurement, production, and logistics.

Global operations shaped by drive for integration. With regard to our procurement, production, and logistics activities in the year under review, the main focus was on efforts to merge the production, procurement, and supply chain networks within the Diebold Nixdorf, Inc. Group. In this context, we consolidated our available capacity and at the same time implemented a highly efficient organizational structure with cutting-edge processes.

In line with the regional focus on sales in this new structure, we established a series of Operations units to support our business in Germany, Europe excluding Germany, Asia/Pacific/Africa, and the Americas. As part of this arrangement, our regional supply chain organizations coordinate their activities closely with the regional sales units to plan future requirements and supply hardware products from the corresponding production sites. As far as possible, production is based on the “local for local” principle, i.e., within the sales region in question, so that we can respond quickly by making and delivering the products specifically requested by our customers close to where they are based.

Our Operations sites of the Diebold Nixdorf, Inc. Group in Paderborn, Greensboro, and Singapore assume the main control function within the network in respect of technology and processes, while satellites in Manaus (Brazil) and Goa (India) are specifically focused on local markets.

We have been able to generate considerable synergies, both in our operational processes and in planning and control functions. Both technical and personnel capacity underwent substantial streamlining within the new organization.

At the end of fiscal 2015/2016, our former production site in Shanghai was brought into a joint venture with a Chinese partner. Multi-year supply contracts with this joint venture help Diebold Nixdorf to optimize its production costs. We also expanded our long-standing partnership with AGS Transact Technologies in India and joined forces to develop ATMs for the Indian market.

Thanks to its excellent cost structure and technological expertise, our production facility in Paderborn has established itself as a worldwide leader within the Diebold Nixdorf, Inc. Group. Substantial efficiency gains were achieved as a result of targeted investment in manufacturing technology, and in particular through the introduction of cutting-edge processes. The emphasis here is on Industry 4.0 digital applications. We have already made a great deal of progress towards paperless factory operation by setting up digital systems to control and monitor all our key manufacturing processes in real time. This also cuts response times in the factory by a significant margin. To support these changes, we have taken steps to integrate and train our workforce, ensuring that they have the skills they need in the Industry 4.0 digital working environment.

Optimized supplier network. During the year under review, we set up a global, Group-wide purchasing organization as part of our integration strategy. Our main goal was to create a highly efficient network spanning our global development centers, operating sites, and procurement markets. At the same time, we aimed to consolidate our supplier base and harness the resulting synergies. Our Strategic Partnership Program has paved the way for future collaboration with strategically important global suppliers and has already delivered significant cost savings. It has also helped us to deal with and offset developments such as higher steel prices and the tighter supply situation for electronic components.

Reflecting our all-round approach to working with suppliers, we restructured our Supplier Quality Development Engineering (SQDE) system in Germany, Europe excluding Germany, Asia/Pacific/Africa, and the Americas. In this context, we also coordinated and specified our supplier quality requirements. In future, the selection and ongoing development of suppliers will be based on a series of reformulated standards and processes (e.g., by applying Advanced Product Quality Planning Methodology (APQP)). This will promote continuous development in our supplier base and ensure that quality remains consistently high all the way from the prototype stage through to series production.

Embracing quality at every level. Diebold Nixdorf ensures maximum availability by offering customers solutions that are extremely failsafe. We believe in product quality and an outstanding range of services, even where solutions are highly complex.

Our approach to quality is holistic. We start by defining the requirements that our hardware, software, and services need to meet. This is followed by the development of solutions and production, and finally implementation and operation at client companies. That means taking account of all influencing factors in our assessment of quality.

Our sites, development hubs, and production facilities form a global quality network in which all Group undertakings aimed at achieving quality are coordinated. We made further progress on globally uniform quality standards and process harmonization with the goal of ensuring the highest possible levels of quality for the long term.

2 Report on Economic Position.

2.1 Macroeconomic and industry environment.

According to reports published by the International Monetary Fund (IMF), the global economy picked up momentum in the year under review. In its July 2017 update, the IMF maintained its previous forecast of 3.5% growth over the year as a whole, noting that the pattern of global growth was broadly based and that global trade was increasing. At the same time, it warned of uncertainties and risks, with the shift towards greater monetary tightening being pursued by the major western central banks posing a threat to many emerging economies and developing countries. The IMF also drew attention to high levels of debt in China as a potential source of instability and to the risks posed by increasing protectionism around the world.

In its July update, compared with the April figures, the IMF upgraded its forecasts for growth in the **eurozone** to 1.9% (2017) and 1.7% (2018) based on evidence of greater domestic demand. The **UK**, which is currently in negotiations with the EU on the terms of its exit from the Union, is now expected by the IMF to put on 1.7% this year, 0.3 percentage points below the forecast issued in April. According to the update, **Germany** will grow at a slightly slower pace than the eurozone average, with GDP forecast to increase by 1.8% in 2017 and a further 1.6% in 2018, an upgrade of 0.2 and 0.1 percentage points compared with the April 2017 update figures.

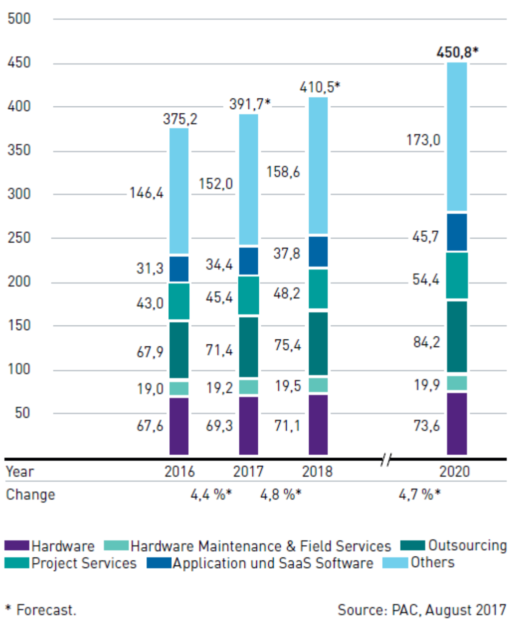
The IMF anticipates a gradual economic recovery in **Russia** in 2017 and 2018. Equally, **Latin America** is expected to see a slow recovery after the downturn in 2016. The latest update also contains a more optimistic view of economic growth in **China**.

By contrast, the International Monetary Fund scaled back its forecast for the **USA,** citing "uncertainty" over the direction of government spending and tax revenues. The report notes, for example, that many details of the tax reforms and increased infrastructure investments announced by the US government remain unclear. The July update predicts GDP growth in the United States of 2.1% in both 2017 and 2018, compared with its April forecast of 2.3% and 2.5% respectively.

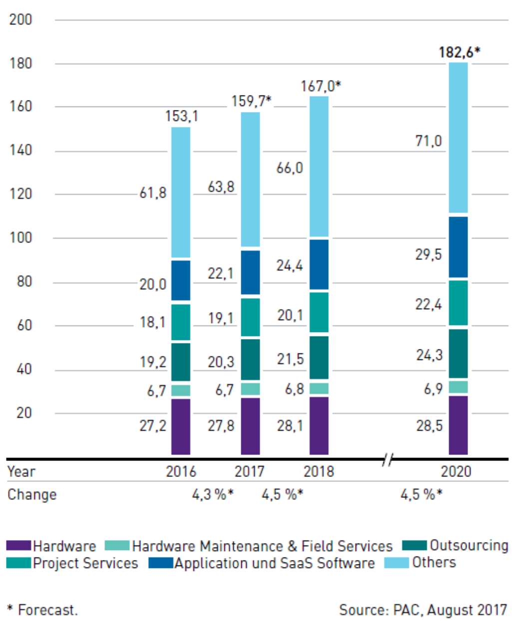
Industry environment.

Expenditure on IT shows further increase in banking and retail sectors. According to an analysis by market research firm Pierre Audoin Consultants (PAC) published in August 2017, both banks and retailers have increased their capital spending on information technology. Based on the data in the report, global expenditure within the banking sector will rise by 4.4% in the course of 2016 to 2017, while retail companies will increase their investments in IT systems by 4.3% year on year. In absolute terms, investment spending by banks and retailers is likely to rise to €391.7 billion and €159.7 billion respectively. Hardware-related business will play a marginal role when it comes to driving growth in the retail and banking industries. By contrast, business in the field of software and software-related services is likely to provide much more impetus. This is probably attributable largely to the impact of progressive digitalization and automation. Business within the area of outsourcing also holds potential for growth. In our opinion, the significant growth rates predicted in the field of banking, in particular, are due to substantial cost-related pressures and associated efforts to streamline fixed costs by outsourcing services to external business partners.

GLOBAL IT EXPENDITURE IN THE BANKING SEGMENT. € billion



GLOBAL IT EXPENDITURE IN THE RETAIL SEGMENT. € billion



Banks: Against a background of macroeconomic stabilization, the conditions are in place for the global retail banking industry to achieve an average annual growth rate of 4.6% up to the year 2020. This was the conclusion reached by the Boston Consulting Group (referred to hereinafter as "BCG") following an assessment of its global banking pools, which are based on data from 2,100 banks in countries all over the world. Nevertheless, the regional picture remains extremely uneven, with wide variations between the developed markets of Western Europe and North America on the one hand and developing markets on the other.

In its latest study entitled Retail Banking Radar 2017, A.T. Kearney is less upbeat about the situation facing European banks in the context of the ECB's continued embrace of near-zero interest rates as a monetary policy tool and the risks posed by the Italian banking market. According to the study, the income generated per customer fell between 2015 and 2016 and therefore remained well below pre-financial crisis levels. Here too, however, there are striking regional differences.

Both studies conclude that there is a visibly widening gap between the market's top performers and the remaining banks. The authors suggest that in order to improve their cost-to-income ratio banks need to continue working on the transformation of their operating and IT models; these, it is said, could be refined through further centralization of operating processes as well as automation and industrialization. In pursuing these changes, it is essential that existing data is made usable to a greater extent than in the past by deploying big-data programs. This, as the study puts it, applies equally to the ongoing personalization of consumer-facing business.

Both studies also highlight the trend towards "open banking" (e.g., in Europe through the Second Payment Services Directive, PSD2) as one of the most important change factors to which the banks need to adopt a strategic response.

BCG recommends that as a priority banks should implement three basic strategies to optimize their income and avoid jeopardizing the relationship with their customers, especially in the battle over who can drive down costs the furthest. The first element of this strategy involves harnessing human and digital capacity more efficiently as a way of optimizing their marketing model. The second is to direct their "value proposition" to customers at a more individual level, and the third is to adopt a mindset that is centered on the customer's goals rather than on products. BCG argues that many banks are unable to implement the last element of the strategy due to a lack of IT/process integration. It notes that while many have made considerable progress in terms of front-end development (e.g., user-friendly apps and websites), this has not been matched in the field of integration with the back-office.

Retail: focus on the "connected store." Despite the growth in online sales, retail branches will retain their key role. In our omnichannel world, consumer expectations of both stationary and online retail experiences are increasing. Retailers need to put the "connected store" vision into practice so that they can offer their customers a better and more contemporary service. All these observations can be found in Planet Retail's Store Tech Trends study, which was published in May 2017. According to the report, every area of the retail business will be transformed by systems that are perfectly integrated into the IT environment, improved communication technologies, customer retention systems, and solutions designed to recognize individual customers.

The trend toward store automation – from incoming supplies all the way through to the checkout – will continue. Consumers will increasingly use their own mobile devices to buy items in the store and will expect to be able to complete purchases that they initiated online. "Click and connect" services where consumers order goods online and then collect them at the store are just one example of this trend and lead to an increase in the frequency of visits. The Planet

Retail study also notes that retailers are investing in "big data" solutions to give themselves a clear overview of stock levels and identify patterns of customer behavior.

From an overall perspective of the retail market, regional players are currently achieving dynamic growth, while global retailers continue to drive ahead with their plans for international expansion.

2.2 Course of business.

Business performance of the Group.

Overall assessment of business performance. The 2016/2017 financial year developed along divergent lines. In terms of sales, Diebold Nixdorf was faced with challenging conditions within its Hardware business with banks in particular. As regards earnings, by contrast, operating profit proved very solid in the period under review, buoyed by the faster-than-expected execution of integration measures initiated as part of the business combination with Diebold Nixdorf, Inc., and lower personnel expenses.

Comparison of actual and forecast course of business.

Net sales well short of guidance, operating profit slightly up on guidance. Based on the favorable outcome of its Delta restructuring program, and despite the challenges associated with Hardware business in particular, Diebold Nixdorf AG began the financial year with a positive outlook. The aim was to slightly exceed the Company's record level of net sales posted in the previous financial year (2015/2016: €2,579 million) as well as EBITA before non-recurring items (2015/2016: €194 million). Non-recurring expenses (restructuring expenses attributable to the business combination with Diebold Nixdorf, Inc.) had originally been budgeted at €20 million. The Company fell well short of its net sales guidance presented in the financial statements for fiscal 2015/2016. By contrast, it slightly exceeded the guidance figure for EBITA.

The outlook was revised downward after six months of the reporting period. As regards net sales, it became apparent at this point in time that the anticipated downturn in revenue due to the formation of a joint venture in China, dis-synergies from the business combination with Diebold Nixdorf, Inc., and sluggish sales relating to Hardware business with banks would actually occur. At the same time, there was evidence to suggest that gains targeted in connection with non-organic growth would not be achievable. In view of this downturn in net sales, the guidance with regard to EBITA before non-recurring expenses was also revised downward due to the absence of economies of scale. As a result, the outlook pointed to a slight decline in this figure.

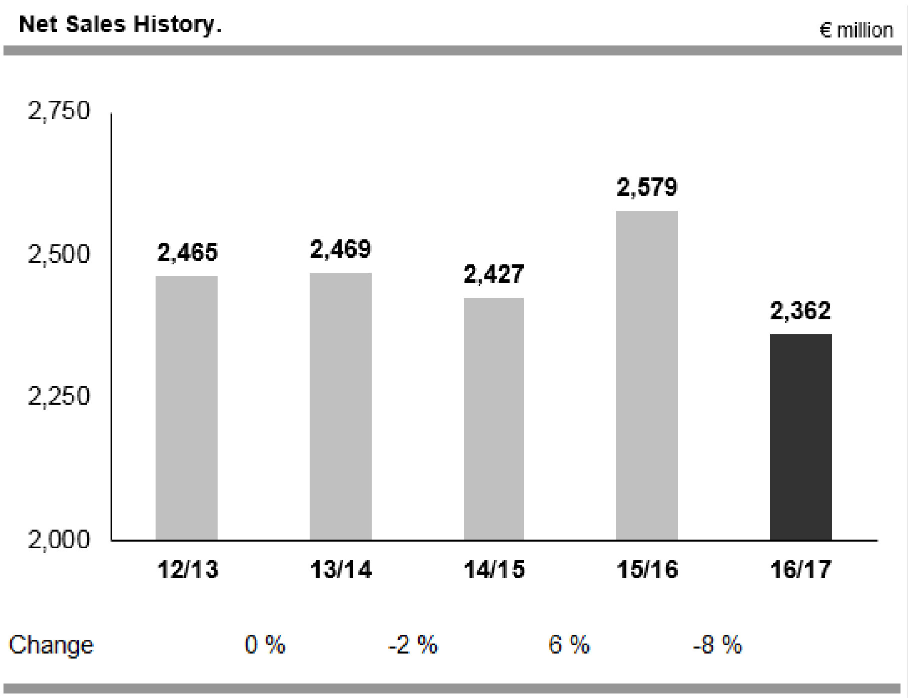
Supported by determined efforts to drive our transformation and integration activities forward in the second half of the fiscal year, we managed to rein back costs, particularly in our Hardware business; in doing so, we also improved our operating profit. Furthermore, short-term personnel expenses were considerably lower year on year as a result of job cuts and lower performance-based bonuses. In addition, one-time expenses attributable to integration and restructuring were partially offset by the positive effects associated with the amalgamation of non-domestic Group companies. As a result of this, the increase in one-time expenses anticipated after six months was less pronounced than expected at the time.

In terms of net sales, the Banking segment recorded a substantial decline in business within the area of Hardware in particular. By contrast, net sales in the Retail segment remained stable at a level comparable to the very solid prior-year figure. Operating profit benefited from the positive effects outlined earlier. From the perspective of Diebold Nixdorf AG, the merging of business units as part of the DN2020 program had an impact on both net sales and operating profit.

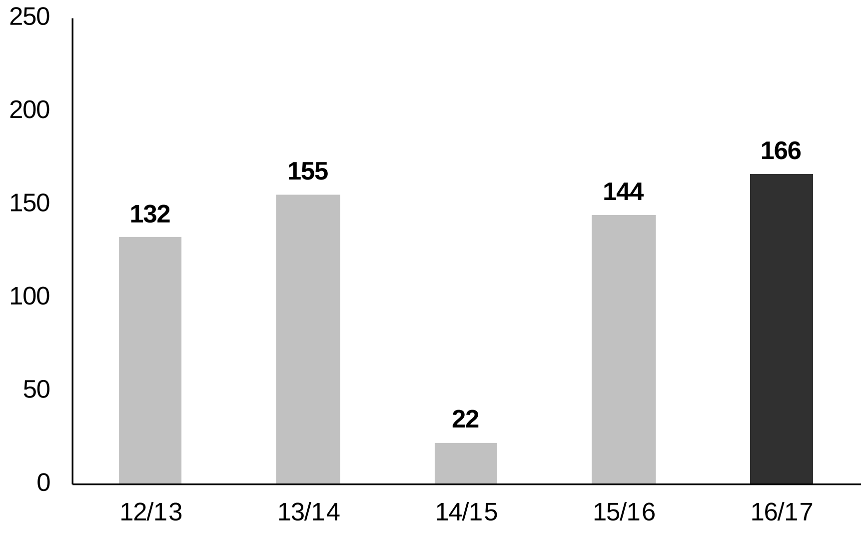
In fiscal 2016/2017, net sales fell by 8% or €217 million to €2,362 million (2015/2016: €2,579 million). Operating profit before non-recurring items (restructuring and transaction expenses) rose slightly by 3% or €6 million to €200 million (2015/2016: €194 million).

Operating profit before non-recurring items, i.e., before transaction and restructuring expenses, amounted to €200 million in fiscal 2016/2017 (2015/2016: €194 million). Restructuring expenses totaled €27 million in the period under review. By contrast, the previous year had seen positive net effects from restructuring equivalent to €4 million (2015/2016: expenses of €20 million associated with restructuring, coinciding with positive earnings contributions of €24 million relating to M&A activities). Operating profit after restructuring expenses totaled €173 million in fiscal 2016/2017 (2015/2016: €198 million). In addition, there were net transaction expenses of €7 million (expenses of €41 million and income of €34 million; 2015/2016: expenses of €54 million).

After restructuring and transaction expenses, operating profit stood at €166 million (2015/2016: €144 million).



EBITA History. € million



Change	17 %	-86 %	555 %	15 %

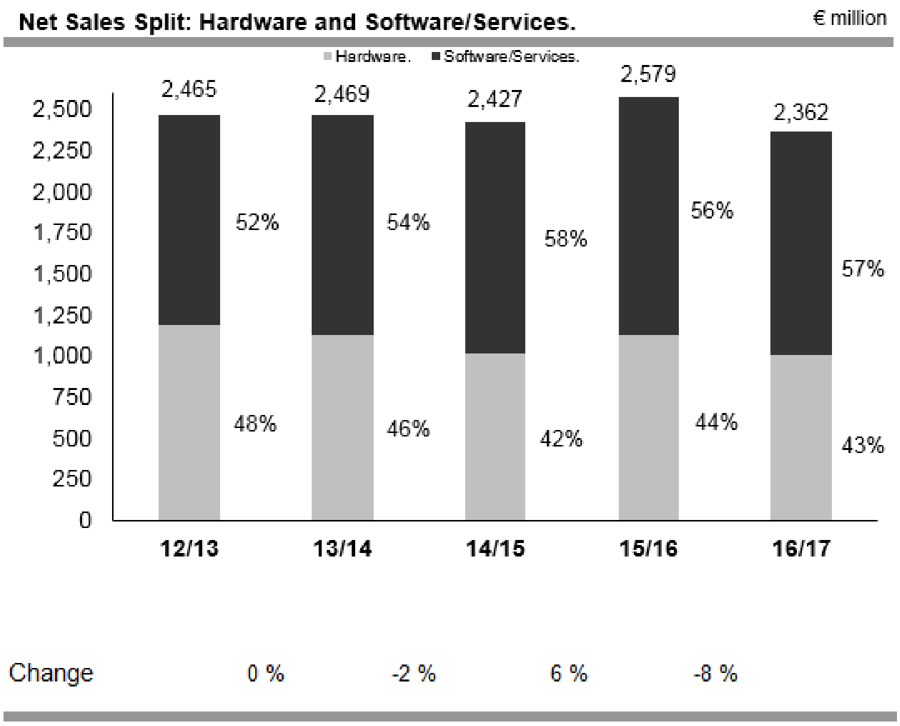
Reconciliation of EBITA.

€ million

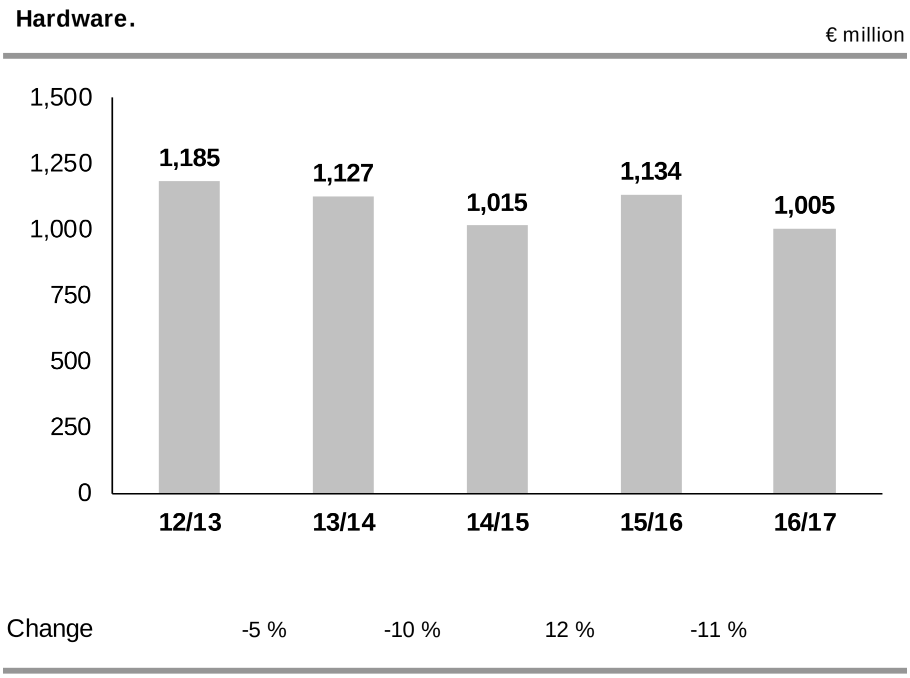
	2016/2017	2015/2016
EBITA before restructuring and transaction expenses	**200**	**194**
- Restructuring expenses	**-27**	**4**
thereof restructuring expenses	*-27*	*-20*
thereof positive restructuring contributions	*0*	*24*
EBITA before transaction expenses	**173**	**198**
- Transaction expenses	**-7**	**-54**
thereof transaction expenses	*-41*	*-54*
thereof positive transaction contributions	*34*	*0*
EBITA after restructuring and transaction expenses	**166**	**144**

Net sales by business stream.

Significant decline in net sales from Hardware; Software/Services also down year on year. In contrast to the previous year, Hardware was faced with a difficult business environment in the period under review. As a result of these challenging conditions, the Company was unable to match the substantial revenue levels recorded in the preceding financial year, particularly in the Banking segment. The area covering Software/Services also saw a decline in business over the course of fiscal 2016/2017, albeit to a lesser extent when compared to Hardware.



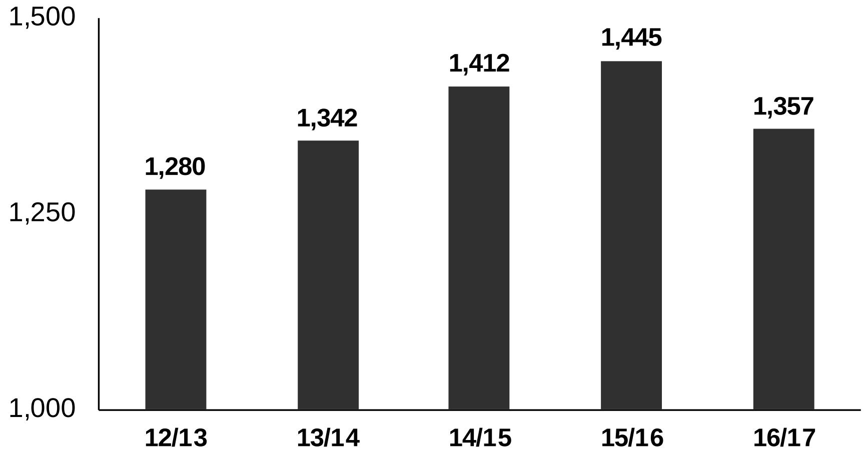
At €1,005 million, consolidated net sales attributable to **Hardware** were down by a substantial 11% on the previous year (2015/2016: €1,134 million). Retail business centered around EPOS systems proved very robust, whereas shipments within the Banking segment declined visibly in the period under review. As a result of this performance, the contribution made by the Hardware business to total consolidated net sales fell to 43% (2015/2016: 44%).



At 6%, the decline in net sales recorded in the area of **Software/Services** was less pronounced, taking the figure to €1,357 million (2015/2016: €1,445 million). The downturn in net sales was attributable to Software and Services in almost equal measure, primarily as a result of fewer hardware component installations in the Banking segment and the concomitant decline in associated services. The proportion of total net sales relating to Software/Services rose slightly to 57% (2015/2016: 56%).

Software/Services.

€ million



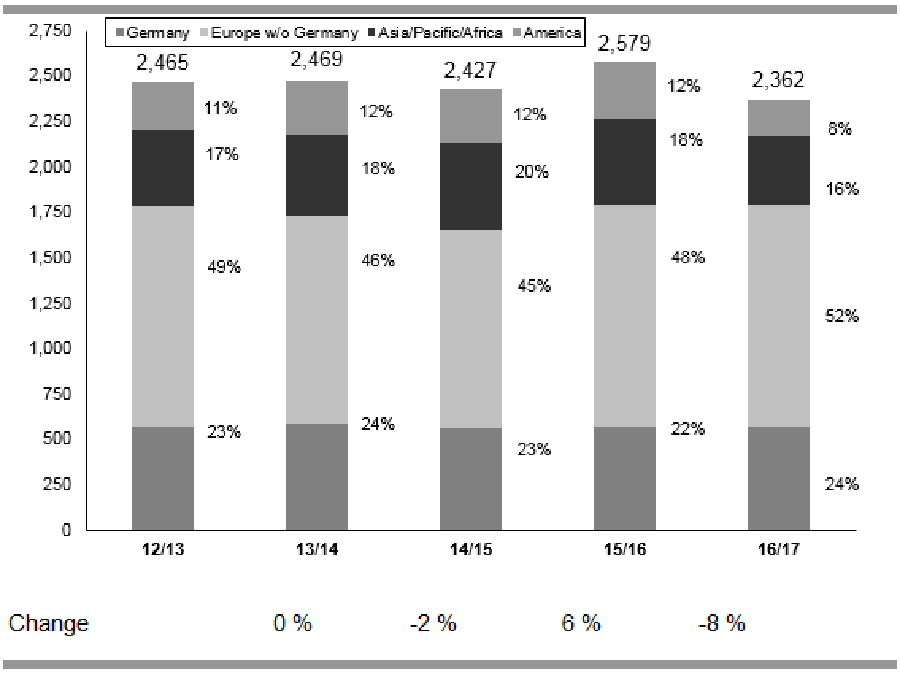
Change	5 %	5 %	2 %	-6 %

Net sales by region.

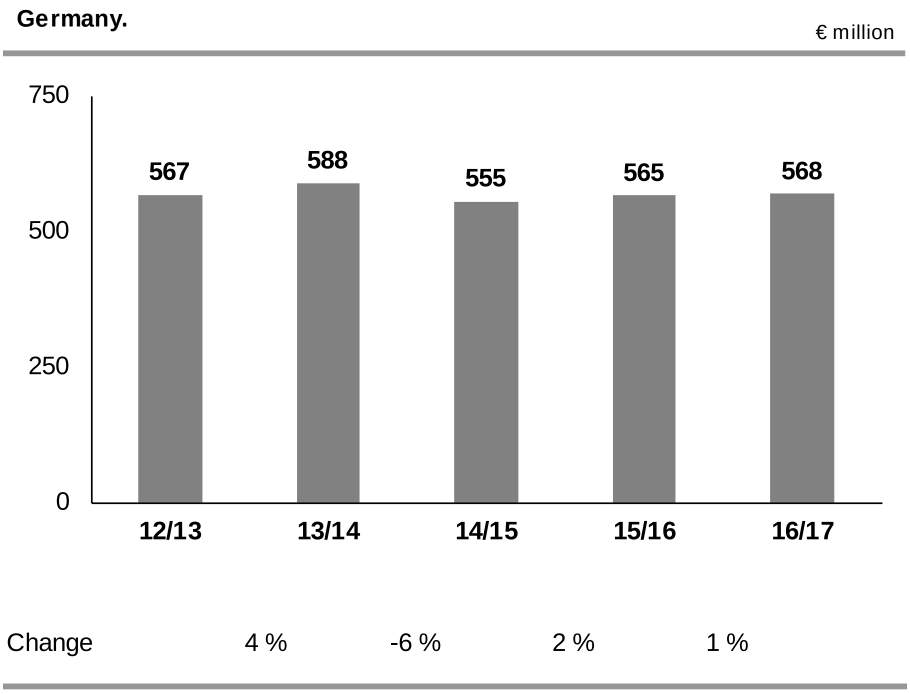
Business in Germany and Europe remains stable – Sizeable downturn recorded in Americas and Asia/Pacific/Africa. Compared to the previous year, business performance in the respective **regions** developed along different lines in the annual period under review. The Company managed to slightly exceed its prior-year revenue levels in Germany, while closely matching the corresponding figure recorded in Europe (excluding Germany). This was due mainly to a further improvement in Retail sales, which offset the declines seen within the Banking segment. The region covering the Americas saw a significant downturn in business as a result of corporate integration measures. In Asia/Pacific/Africa, meanwhile, the absence of revenue from business activities in China due to the establishment of a joint venture in that country also prompted a substantial decline in net sales.

Comparison of Regional Sales Performance.

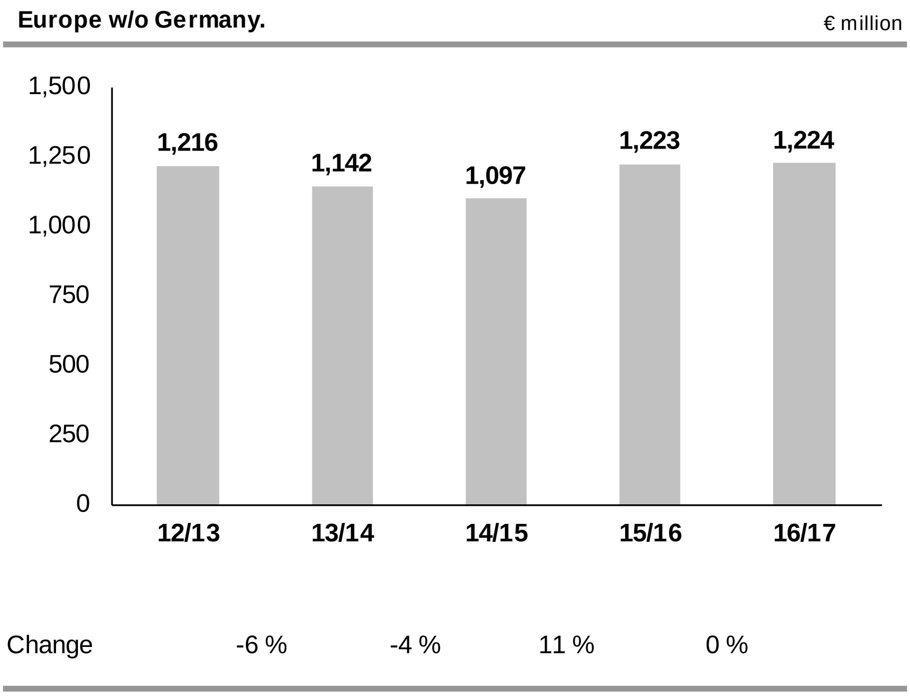
€ million



In **Germany**, net sales rose by a slender 1% to €568 million (2015/2016: €565 million), with gains achieved in the Retail business offsetting declines recorded in the area of Banking. On this basis, Germany's share of the Group's total net sales rose to 24% (2015/2016: 22%).



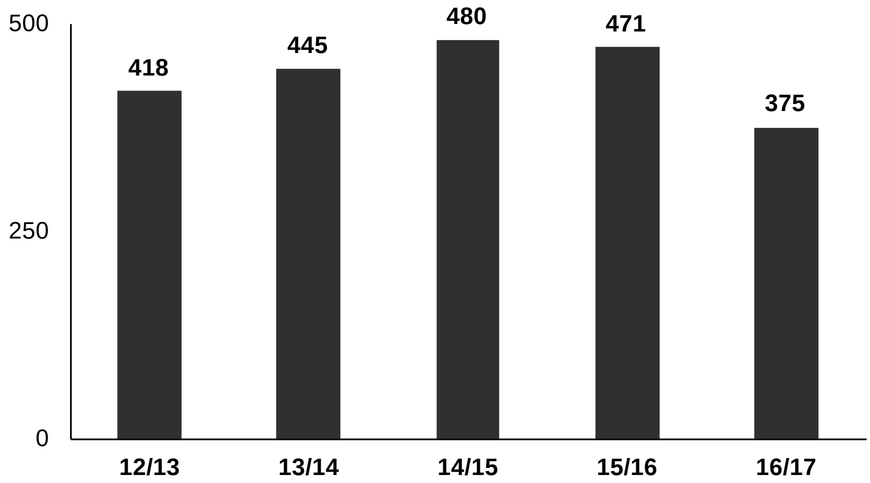
In the region encompassing **Europe** (excluding Germany) net sales were comparable to the prior-year figure at €1,224 million (2015/2016: €1,223 million). Here, too, a slight decline in sales from Banking was offset by gains made in the area of Retail. Overall, Europe's (excluding Germany) share of the Group's total net sales rose to 52% (2015/2016: 48%).



In the region covering **Asia/Pacific/Africa** net sales fell by 20% to €375 million (2015/2016: €471 million), which was attributable mainly to the newly formed joint venture in China.

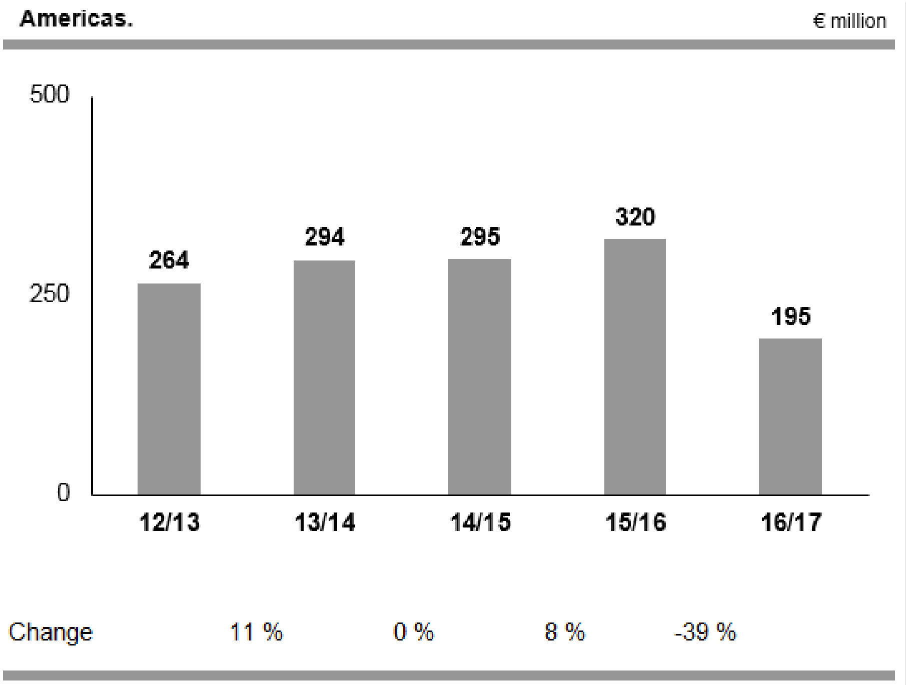
Asia/Pazific/Africa.

€ million



Change	6 %	8 %	-2 %	-20 %

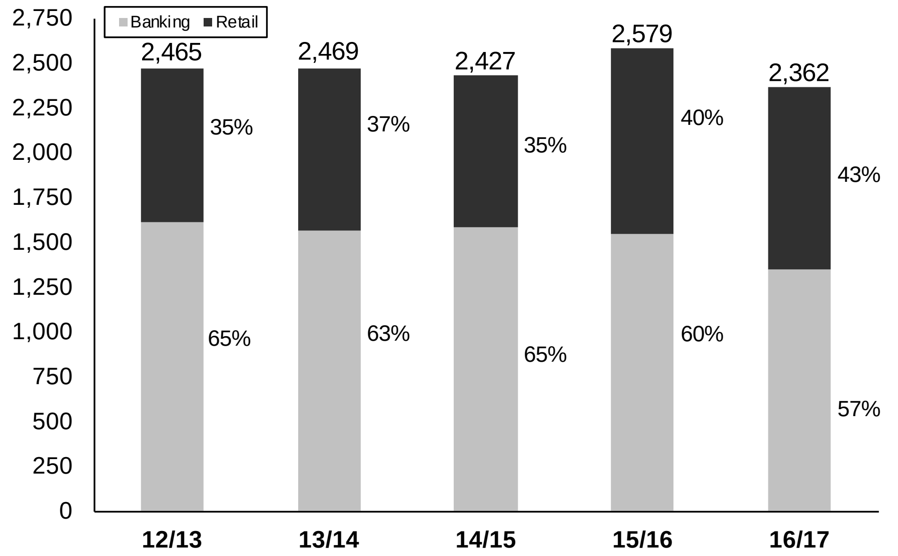
The **Americas** saw net sales plunge by 39% to €195 million (2015/2016: €320 million). This, however, was due primarily to integration measures as part of DN2020 and weaker sales relating to Hardware business with banks.



2.3 Business performance by segment.

Segments develop along different lines. The Banking segment recorded a substantial downturn in net sales in the fiscal year just ended. The Retail segment saw a slight decline in net sales compared to the previous year. Overall, the Banking segment accounted for 57% of total net sales (2015/2016: 60%), while the Retail segment contributed 43% (2015/2016: 40%) to total net sales.

Net Sales Split: Banking and Retail. € million

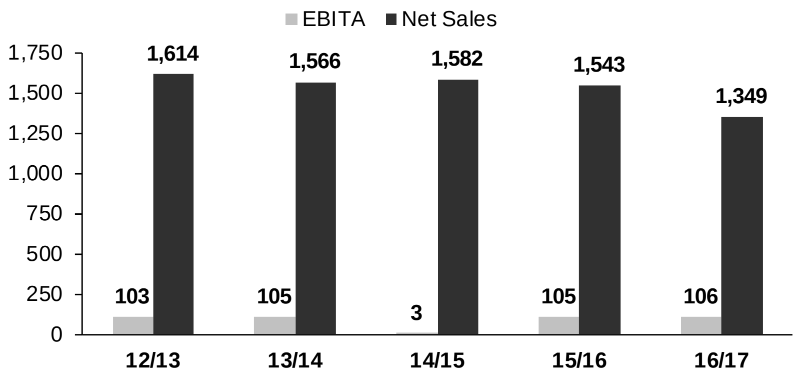


Change	0 %	-2 %	6 %	-8 %

Banking segment performance.

Substantial downturn in net sales and EBITA before restructuring and transaction expenses. Net sales generated in the **Banking** segment, which also includes business with postal companies, fell by 13% to €1,349 million in the year under review (2015/2016: €1,543 million). Correspondingly, EBITA before restructuring and transaction expenses declined by 12% to €123 million (2015/2016: €140 million), while the EBITA margin remained unchanged at 9.1% (2015/2016: 9.1%). EBITA attributable to the Banking segment amounted to €106 million (2015/2016: €105 million) after restructuring and transaction expenses, which was comparable to the prior-year figure. Thus, the EBITA margin rose to 7.9% (2015/2016: 6.8%).

Net Sales and EBITA History: Banking. € million



Net Sales Change		-3 %		1 %		-2 %		-13 %	
EBITA change		2 %		-97 %		↑		1 %	
EBITA margin	6.4 %		6.7 %		0.2 %		6.8 %		7.9 %

Segment performance by business stream.

Business attributable to **Hardware** was down substantially when it came to monofunctional systems, in particular. The Company was unable to offset this decline with gains recorded in the area of higher-end multifunctional systems.

Net sales from **Software/Services** contracted at a less pronounced rate compared to those from Hardware. While the prior-year figures were matched in the area of Software and Professional Services, the category of Product-related Services recorded a downturn in net sales due to declining hardware shipments.

Segment performance by region.

In **Germany**, the Company fell short of its revenue figure recorded in the previous year, when a number of banks had invested in self-service technology as part of operating system migration.

In **Europe**, meanwhile, business was down slightly, with the various countries developing along very different lines in the period under review.

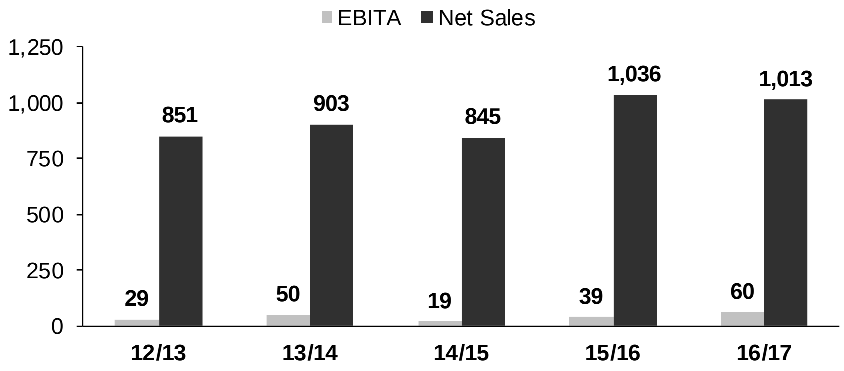
The region covering **Asia/Pacific/Africa** saw a significant downturn in net sales. In this context, the establishment of a joint venture in China last year, which involved transferring the Company's business activities in that country, had a major impact.

In the **Americas**, net sales declined markedly due to the merging of business activities as part of ongoing integration measures and as a result of sluggish business within the market as a whole.

Retail segment performance.

Net sales close to prior-year level and EBITA up significantly before restructuring and transaction expenses. Net sales within the Retail segment fell slightly year on year, down 2% to €1,013 million (2015/2016: €1,036 million). EBITA before restructuring and transaction expenses rose to €77 million in the period under review (2015/2016: €54 million), particularly due to lower quality-related and staff costs. This translated into an improvement in the EBITA margin, which increased to 7.6% (2015/2016: 5.2%). EBITA after restructuring and transaction expenses amounted to €60 million (2015/2016: €39 million); the corresponding EBITA margin was 5.9% (2015/2016: 3.8%).

Net Sales and EBITA History: Retail. € million



	12/13	13/14	14/15	15/16	16/17
Net sales change		6 %	-6 %	23 %	-2 %
EBITA change		72 %	-62 %	105 %	54 %
EBITA margin	3.4 %	5.5 %	2.2 %	3.8 %	5.9 %

Segment performance by business stream.

Segment performance by business stream. While net sales from Hardware declined slightly, business in the area of Software/Services remained stable. Europe, in particular, saw major rollouts of POS systems, albeit at a slightly less pronounced level than in the previous year. At the same time, business centered around self-checkout systems developed well in the period under review.

Segment performance by region.

In **Germany**, business with retail companies grew sharply in the period under review. In particular, we managed to outpace our competitors in hardware-related projects.

We also generated slight growth in **Europe** (excluding Germany), driven mainly by a strong performance in Hardware and solid business in Software/Services relating to Western Europe.

Net sales in **Asia/Pacific/Africa** declined significantly in the period under review. This was attributable mainly to the substantial increase in competition in China, prompted by the emergence of local manufacturers, as well as the establishment of a joint venture in China last year.

The **Americas** also saw a severe downturn in net sales in the period under review. In contrast to the previous year, there were no major rollouts relating to international retail companies in North America.

2.4 Performance, assets, and financial position.

Performance.

The Group's profit for the period rose by €17 million to €119 million in fiscal 2016/2017 (2015/2016: €102 million).

Reconciliation of Result from Business Operations (EBITDA). € million

	2016/2017	2015/2016
Profit for the period	**119**	**102**
+ Income taxes	44	37
+ Financial result (finance costs - finance income)	3	5
+ Restructuring expenses	27	-4
+ Trancaction expenses	7	54
EBITA before restructuring and transaction expenses	**200**	**194**
+ Depreciation/amortization and write.down of industrial rights, licenses, and property, plant and equipment	50	56
+ Write-down of reworkable service parts	3	6
EBITDA before restructuring and transaction expenses	**253**	**256**
EBITDA after restructuring and transaction expenses	**219**	**206**

Net sales generated by the Group totaled €2,362 million in the period under review, down 8% on the prior-year figure (2015/2016: €2,579 million). While revenue from sales recorded in the Banking segment fell by 13% to €1,349 million (2015/2016: €1,543 million), net sales in the Retail segment declined by 2% to €1,013 million (2015/2016: €1,036 million).

In fiscal 2016/2017, functional costs and earnings before interest, taxes, and amortization (EBITA) included one-time effects (i.e., non-recurring items) attributable to restructuring and transaction expenses associated with the business combination with Diebold Nixdorf, Inc.

In fiscal 2016/2017, the principal parent company, Diebold Nixdorf, Inc. initiated a global transformation program by the name of DN2020, which is scheduled to span several years. This program is aligned with the strategic mission statement defined for the integrated Group in respect of the year 2020 and outlines the associated changes needed for us to drive growth in the markets of relevance to us and achieve the targeted performance levels.

Restructuring expenses primarily include staff costs. Restructuring expenses accounted for in the prior-year period were attributable solely to one-time effects relating to the Delta program; the period under review no longer included any such one-time effects associated with this program.

Transaction expenses encompass personnel-related expenses as well as consulting fees and other expenses/income attributable to the amalgamation of entities in specific countries as part of the DN2020 program.

Gross profit on net sales stood at €554 million (2015/2016: €613 million). This figure was diluted by restructuring and transaction expenses totaling €17 million (2015/2016: €16 million). Gross profit on net sales before restructuring and transaction expenses fell by €58 million, or 9%, to €571 million in fiscal 2016/2017 (2015/2016: €629 million); the gross profit margin was 24.2% (2015/2016: 24.4%).

Research and development costs, which, as in the previous year, contained no significant expenses from non-recurring items (restructuring) in the fiscal year under review, amounted to €86 million (2015/2016: €94 million), a decrease of €8 million, or 9%, on the previous year. The R&D ratio stood at 3.6% (2015/2016: 3.6%).

Selling, general, and administration expenses (including other operating income as well as the result from investments accounted for by applying the equity method) came to €302 million (2015/2016: €374 million); this figure includes restructuring and transaction expenses of €17 million (2015/2016: €33 million). The total figure for selling, general, and administration expenses before restructuring and transaction expenses declined to €285 million (2015/2016: €341 million), a reduction of €56 million or 16%. Alongside synergies relating to the DN2020 program, this includes a reduction in expenses due to changes in the basis of consolidation following integration. In the period under review, transactions associated with the amalgamation of entities as part of the DN2020 program produced €34 million in other operating income as well as €8 million in other operating expenses. As a percentage of total net sales, the selling, general, and administration expense ratio before restructuring and transaction expenses stood at 12.1% (2015/2016: 13.2%).

In fiscal 2016/2017, operating profit (EBITA) totaled €166 million (2015/2016: €144 million), including restructuring and transaction expenses of €34 million (2015/2016: €50 million) attributable to the business combination with Diebold Nixdorf, Inc. Operating profit (EBITA) before transaction expenses, and including €27 million in restructuring expenses (2015/2016: income of €4 million), amounted to €173 million (2015/2016: €198 million). EBITA before restructuring and transaction expenses amounted to €200 million (2015/2016: €194 million); the corresponding EBITA margin was 8.5% (2015/2016: 7.5%).

Including restructuring expenses, EBITDA fell to €253 million (2015/2016: €256 million). This represents a reduction of €3 million or 1%. At -€3 million, the net finance result improved slightly in the period under review (2015/2016: -€5 million). Earnings before taxes ended the fiscal year €24 million higher at €163 million (2015/2016: €139 million). The Group's effective tax rate was 27% (2015/2016: 27%).

Assets.

At the end of fiscal 2016/2017, the Group's balance sheet total stood at €1,589 million (2015/2016: €1,675 million), down €86 million on the corresponding figure for the previous year.

Assets. € million

	Sept. 30,2017	Sept. 30, 2016
Assets		
Intangible assets	373	375
Property, plant and equipment and financial assets	121	129
Non-current receivables and other assets	111	97
Non-current assets	**605**	**601**
Inventories	272	340
Current receivables and other assets	533	649
Cash and cash equivalents	95	85
Assets held for disposal	84	0
Current assets	**984**	**1,074**
Total Assets	**1,589**	**1,675**
Equity and liabilities		
Equity (incl. non-controlling interests)	**413**	**441**
Pension accruals and other accruals	100	105
Financial liabilities	1	2
Financial liabilities to affiliated companies	6	58
Other non-current liabilities	89	72
Non-current liabilities	**196**	**237**
Other accruals	149	176
Financial liabilities	1	76
Financial liabilities to affiliated companies	197	0
Trade payables	249	344
Other current liabilities	343	401
Payables related to assets held for sale	41	0
Current liabilities	**980**	**997**
Total liabilities	**1,589**	**1,675**

Fiscal 2016/2017 saw the introduction of the DN2020 transformation program within the Diebold Nixdorf, Inc. Group. One of the key components of this program is to merge entities in selected countries in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. Due to the planned disposal of subsidiaries of Diebold Nixdorf AG within the Diebold Nixdorf, Inc. Group in the coming twelve months, assets of €84 million attributable to these entities have been reclassified to "assets held for sale" in accordance with IFRS 5, while associated liabilities of €41 million have also been reclassified to the category entitled "liabilities relating to assets held for sale."

At €373 million (2015/2016: €375 million), the carrying amount of intangible assets was down €2 million on the prior-year figure. This was attributable primarily to the removal of goodwill totaling €8 million (2015/2016: €0 million).

The carrying amount of property, plant, and equipment was €14 million lower at €103 million (2015/2016: €117 million). While investments in property, plant, and equipment amounted to €37 million (2015/2016: €37 million), depreciation in this area totaled €40 million. The main focus of capital expenditure was on IT equipment and specialist tools. Financial assets were recognized at €18 million, a year-on-year increase of €6 million (2015/2016: €12 million) that was mainly due to a rise by €5 million to €8 million in the carrying amounts of non-consolidated affiliated entities (2015/2016: €3 million). The carrying amount of non-current receivables and other assets increased by €14 million to €111 million (2015/2016: €97 million).

Within the area of current assets, inventories fell by €68 million year on year to €272 million (2015/2016: €340 million), partly as a result of the separate presentation of €15 million in inventories within the category entitled "assets held for sale." Current receivables and other assets fell by €116 million to €533 million (2015/2016: €649 million), primarily due to the separate presentation of trade receivables totaling €39 million and other assets covering €20 million in the category entitled "assets held for sale." Additionally, receivables from other long-term investees and investors decreased by €29 million to €36 million (2015/2016: €65 million) as part of normal business activities. Cash and cash equivalents rose by €10 million to €95 million (2015/2016: €85 million); at the same time, cash and cash equivalents totaling €9 million were reclassified and presented in "assets held for sale."

Equity, including non-controlling interests, fell by €28 million to €413 million in total (2015/2016: €441 million). Within equity, profit for the period accounted for €119 million (2015/2016: €101 million). At the same time, however, a transfer of profit to Diebold Nixdorf KGaA occurred for the first time, totaling €124 million (2015/2016: €0 million). Additionally, a dividend of €51 million was paid out in the period under review (2015/2016: €0 million). Further details of equity movements are presented in the table entitled Changes in Group Equity.

Non-current liabilities decreased by €41 million to €196 million (2015/2016: €237 million) in the period under review. Financial liabilities to affiliated entities relating to a revolving credit line fell by €52 million to €6 million (2015/2016: €58 million). Furthermore, provisions for pensions and similar liabilities fell by €8 million to €75 million (2015/2016: €83 million). By contrast, other liabilities rose by €17 million to €89 million (2015/2016: €72 million), primarily due to the increase in deferred tax liabilities by €11 million to €20 million (2015/2016: €9 million).

On August 8, 2016, as part of the business combination with Diebold Nixdorf, Inc., an agreement was concluded with Diebold Self-Service Solutions S.A.R.L. (hereinafter referred to as "Diebold S.A.R.L.") covering a revolving credit line of €300 million up to August 8, 2021. In the previous financial year, this loan replaced the revolving credit facility of €300 million with banks that was cancelled at the end of August 2016.

Furthermore, on December 18, 2013, Diebold Nixdorf AG and WINCOR NIXDORF International GmbH had taken out an additional loan of €100,000k with the European Investment Bank. The remaining amount outstanding at the end of the last financial year, totaling €65 million, was repaid in full in the period under review and the contractual agreement was terminated.

Current liabilities decreased by €17 million to €980 million (2015/2016: €997 million). In this context, other current accruals (i.e., provisions) fell by €27 million to €149 million (2015/2016: €176 million), primarily as a result of lower provisions attributable to short-term personnel-related matters and warranties. In addition, a total of €10 million in other accruals (i.e., provisions) was reclassified to "liabilities relating to assets held for sale." From the present perspective, the accruals (i.e., provisions) recognized by the Group sufficiently cover all of its probable obligations. Trade payables fell by €95 million to €249 million (2015/2016: €344 million), primarily due to fewer purchases in the final quarter of the financial year under review. For the first time, the Company recognized €197 million in current financial liabilities to affiliated entities, an item that also includes the amount payable in respect of the profit transfer of €124 million to Diebold Nixdorf KGaA. Current financial liabilities fell by €75 million to €1 million (2015/2016: €76 million), primarily due to the repayment of the loan granted by the European Investment Bank.

Compared to the previous year, other current liabilities decreased by €58 million to €343 million (2015/2016: €401 million). This was due primarily to the reduction in other liabilities by €71 million to €241 million (2015/2016: €312 million), mainly on account of lower employee bonuses, a decrease in liabilities relating to options on non-controlling interests, and the separate presentation of other current liabilities of €20 million in "liabilities relating to assets held for sale." By contrast, liabilities to affiliated companies rose by €25 million (2015/2016: €0 million).

Financial position.

Cash flow from operating activities was up €60 million on the prior-year figure at €165 million in the period under review (2015/2016: €105 million).

Cash flow.

€ million

	2016/2017	2015/2016
EBITDA	**219**	**206**
Cash flow from operating activities	165	105
Cash flow from investing activities	-61	-41
Cash flow from financing activities	-73	65
Change in liquidity	**31**	**129**
Change in cash and cash equivalents from exchange rate movements	-1	-1
Cash and cash equivalents at the beginning of the period*	74	-54
Cash and cash equivalents at the end of the period*	**104**	**74**

*: Including cash and cash equivalents, cash and cash equivalent presented as assets held for sale as well as current bank liabilities.

EBITDA after restructuring and transaction expenses in connection with the Diebold Nixdorf, Inc. business combination, as the basis for the calculation of operating cash flow, was higher year on year at €219 million (2015/2016: €206 million). Income tax payments reduced cash by €24 million (2015/2016: €37 million). The reduction of working capital, adjusted for the effects of acquisitions and integration-specific changes to the basis of consolidation, resulted in a cash inflow of €32 million (2015/2016: €15 million). Following the elimination of results from the disposal of entities and business units previously included in consolidation on the one hand and the addition of business units as part of integration measures on the other, operating cash flow was diluted by €26 million (2015/2016: €14 million). Together, the change in other assets and other liabilities as well as the change in accruals (i.e., provisions) produced a cash outflow of €7 million (2015/2016: €44 million).

At €61 million, net cash used in investing activities was substantially higher than in the previous year (2015/2016: €41 million), as the prior-year figure had included significant cash inflows from the disposal of affiliated companies included in the consolidated group. Integration-related changes to the scope of consolidation were accounted for primarily as non-cash transactions and, having been offset against financial loans of related companies, allocated to investing activities. Divested cash and cash equivalents were presented as cash outflows relating to investing activities. As in the previous fiscal year, the main focus of the Company's investing activities was on other fixed assets and office equipment and on reworkable service parts.

Additionally, Diebold Nixdorf expanded its high-end services business in the financial year under review by acquiring the operations of Visio object GmbH. Elsewhere, further payments were made in the financial year under review with regard to the acquisition of service station support companies in Cologne, Germany, and Kraków, Poland. Furthermore, the Company acquired the Russian business operations of Diebold Self-Service Solutions S.A.R.L. in Switzerland.

Net cash used in financing activities totaled €73 million (2015/2016: net inflow of €65 million).

In this context, one of the key factors was the repayment of financial liabilities to third parties totaling €65 million (2015/2016: €20 million). This repayment is attributable almost entirely to the residual amount of the loan taken out in fiscal 2013/2014 with the European Investment Bank in Luxembourg.

In contrast to the previous annual period, the financial year under review saw the payment of a dividend of €51 million to shareholders of Diebold Nixdorf AG. In the previous year, no dividend payout had occurred in respect of fiscal 2014/2015. In addition, as a related company, Diebold Nixdorf, Inc. made a net amount of around €44 million (2015/2016: €58 million) available to Diebold Nixdorf AG for financing purposes in the form of a revolving credit line.

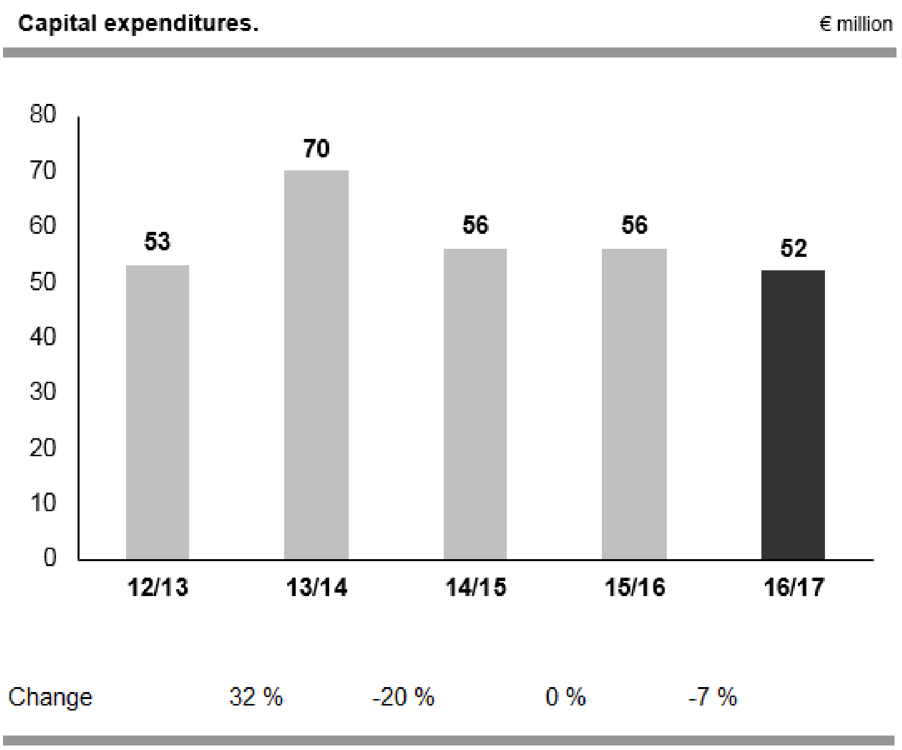
The transfer of profit completed in line with the domination and profit transfer agreement with Diebold Nixdorf KGaA was accounted for as a non-cash transaction and, having been offset against financial loans of related companies, allocated to financing activities.

At €114 million, free cash flow (cash flow from operating activities less capital expenditure on intangible assets, property, plant and equipment, and reworkable service parts) was up by €65 million year on year (2015/2016: €49 million).

Capital expenditure.

Investments totaled €52 million over the course of fiscal 2016/2017 (2015/2016: €56 million). These were directed primarily at IT equipment, software and licenses, specialist tools, and reworkable service parts. Within the IT field, our operations in Germany again formed one of the focal points of investment spending.

At €36 million (2015/2016: €43 million), the majority of investments made over the course of fiscal 2016/2017 were attributable to the Banking segment. Additionally, a further €15 million (2015/2016: €13 million) was invested in the Retail segment during the period under review.



3 Other statutory disclosures.

3.1 Corporate governance.

Management and responsibility.

A modern understanding of corporate governance. The Management Board and Supervisory Board of Diebold Nixdorf AG are committed to responsible business management and control aimed at the sustained creation of value. The principles of corporate governance serve as a basis and guide for employees' conduct in respect of day-to-day management and business operations.

Good corporate governance strengthens the trust of shareholders, business partners, employees, and the general public in our Company. It enhances corporate transparency and underpins the credibility of our organization. In embracing a well-balanced form of corporate governance, the Management Board and Supervisory Board endeavor to secure the overall competitiveness of Diebold Nixdorf AG, reinforce the level of confidence extended by the capital markets and the public in the Company, and raise enterprise value in a sustainable manner.

Corporate Governance Statement pursuant to Section 289f HGB.

The Corporate Governance Statement and the Corporate Governance Report have been made publicly available on our website at www.dieboldnixdorfag.com.

3.2 Compliance.

Compliance.

Corporate values and culture. For Diebold Nixdorf, a corporate and management culture that not only acknowledges the need to abide by statutory regulations but also embraces values such as integrity and fair competition is an essential prerequisite for a fully functioning compliance management system. Lawful conduct is a precondition for stable and enduring business relationships as well as sustained success with regard to the Company's commercial performance. The Management Board therefore regards compliance as a fundamental management task and has pledged to respect the law, while expressly acknowledging the importance of lawful, social, and ethical conduct. For the Company's employees, a functioning compliance management system offers a framework within which they can act and operate even in difficult situations. It thus helps not only to protect our Company against the detrimental effects of unlawful or non-compliant behavior but also to cement its reputation and enhance its long-term competitiveness.

With this in mind, Diebold Nixdorf is committed to refining its compliance management system on a continual basis in order to adapt it to the changing statutory and commercial factors that are of relevance to its global business activities. Following the business combination of former Diebold, Inc. and Wincor Nixdorf AG to create the Diebold Nixdorf, Inc. Group, the compliance management system of Diebold Nixdorf was integrated into the existing compliance program of

Diebold Nixdorf, Inc., which includes the adaptation of applicable statutory provisions and organizational measures.

Compliance management system. Building on its understanding of compliance, Diebold Nixdorf has established a compliance management system tailored to the requirements of a Group operating at an international level. This system encompasses prevention, detection/control, and response. The focus of compliance management is on a preventative approach in support of a corporate culture that addresses the issue of potential misconduct before it arises by sensitizing and educating employees.

Against this background, considerable importance is attached to regular compliance training, which is conducted in the form of attended seminars as well as online sessions. Additionally, the compliance communication program and the personal support provided by the Corporate Compliance Office help to build awareness among the workforce of the issue of compliance and any associated risks.

Code of ethical business conduct for employees and suppliers. At the heart of Diebold Nixdorf's compliance management system is the code of ethical business conduct. Reflecting the values-led corporate culture embraced by the Group, it is binding for all employees. It is complemented by various guidelines such as the gifts, travel, and corporate hospitality policy, which provides personnel with an overview of how to deal with gifts, invitations, and corporate hospitality in general. The Group also has a guideline on the prevention of conflicts of interest. It is aimed at raising awareness of this topic within the workforce and offering help and advice on how to deal with such instances.

Another key element is the Code of Conduct for Diebold Nixdorf Suppliers. It forms an integral part of the purchasing process and is fully incorporated in the purchase agreements.

The compliance organization. Diebold Nixdorf's compliance organization is headed by the Chief Compliance Officer (CCO), who reports directly to the Management Board and the Audit Committee of the Supervisory Board. The CCO is responsible for implementing and evolving the compliance management system throughout the Group. He is supported by a Group-wide compliance officer system that consists of Regional Compliance Officers, Area Compliance Officers, and Local Compliance Officers. They ensure that the compliance management system is applied correctly in their respective areas of responsibility. A central Compliance Office coordinates all compliance activities throughout the Group and advises employees on key issues.

3.3 Compensation report.

The information contained in the compensation report forms an integral part of the Group Management Report. Therefore, the Notes to the Group financial statements include no additional presentation of details discussed as part of the compensation report.

The compensation report outlines the key principles applied when determining remuneration levels for the Management Board ("Vorstand") of Diebold Nixdorf AG. It also describes the structure and level of compensation for the Management Board. Additionally, the report presents the principles and scope of Supervisory Board compensation.

The compensation report has been prepared in conformity with the recommendations of the German Corporate Governance Code (in the version of February 7, 2017) and includes information which, in accordance with the requirements of German commercial law, amended by the Act on the Disclosure of Management Board Compensation (Gesetz über die Offenlegung der Vorstandsvergütungen – VorstOG) of August 3, 2005, forms an integral part of the Notes to the Group financial statements pursuant to Section 314 of the German Commercial Code (Handelsgesetzbuch – HGB) and the Group Management Report pursuant to Section 315 HGB in conjunction with Section 315e HGB.

System of compensation for the Management Board.

The Supervisory Board of Diebold Nixdorf AG, acting on the recommendations of its Personnel Committee, which deals with the employment contracts of members of the Management Board and in consultation with the Board of Directors and Compensation Committee of the parent company, Diebold Nixdorf, Incorporated (hereinafter referred to as "Diebold Nixdorf, Inc."), determines the overall level of compensation for each member of the Management Board. Additionally, it regularly reviews and makes decisions relating to the compensation system for the Management Board, as well as the appropriateness of the total compensation payable to each member of the Management Board, including all significant elements within the contract. The requirements of the Act on the Appropriateness of Management Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG) dated July 31, 2009, have been met in respect of existing employment contracts and with regard to the extension of employment contracts for members of the Management Board.

The compensation of members of the Management Board of Diebold Nixdorf AG is determined on the basis of the Company's size and global operations, its economic and financial situation, and the level and structure of management board compensation offered by similar companies based in Germany and abroad. Due to the domination and profit transfer agreement with Diebold Nixdorf KGaA that has been in effect since February 2017, it also takes into account the established compensation system of Diebold Nixdorf, Inc. In addition, the duties, contribution, and performance of each member of the Board of Directors for the Diebold Nixdorf, Inc. Group are taken into account. The level of compensation is designed to be competitive within the market for highly qualified executives and to provide incentives for successful work that contributes in turn to the organization's sustained development as part of a high-performance culture. Diebold Nixdorf AG regularly takes part in remuneration reviews relating to both its own industry and MDAX-listed enterprises as well as the established peer group companies for Diebold Nixdorf, Inc. following domination, with the express purpose of ensuring horizontal comparability of Management Board compensation. Furthermore, when determining compensation levels for the Management Board, the pay scale and remuneration system within the Diebold Nixdorf, Inc. Group are taken into account (verticality).

By way of derogation from these regulations, divergent provisions applied and continue to apply for the following members of the Management Board, none of whom receive compensation from Diebold Nixdorf AG as described in this report:

- Christopher A. Chapman: Chief Financial Officer since April 1, 2017
- Alan Kerr: Member of the Management Board from October 1, 2016, to March 31, 2017
- Stefan Merz: Member of the Management Board from October 1, 2016, to March 31, 2017

These members of the Management Board have employment contracts with Diebold Nixdorf AG but do not receive compensation under those agreements. Compensation in respect of duties performed by them is covered by Diebold Nixdorf, Inc. Additionally, the aforementioned members of the Management Board are not included in the retirement benefit scheme of Diebold Nixdorf AG.

The remuneration of the Management Board is focused on performance and comprises the four components described below:

1. Fixed basic salary plus fringe benefits
2. Variable compensation (bonus) dependent on the attainment of specific targets (short-term performance-based component)
3. Share-based compensation (long-term incentive component)
4. Pension commitment

Within this context, the fixed basic salary, the fringe benefits, and the pension commitment represent non-performance-based components. The fixed basic salary is payable in monthly installments of equal amounts. The fringe benefits mainly comprise contributions made to accident and liability insurance policies as well as the provision of a company car. Additionally, all members of the Management Board of Diebold Nixdorf AG, with the exception of the aforementioned active and former Board members, are entitled to retirement benefits, as described in detail in the section entitled Pension Commitments.

Variable, performance-based compensation payable in the form of a bonus is dependent on the attainment of specific targets; since April 1, 2017, effective from January 1, 2017, these targets have been defined in relation to Diebold Nixdorf, Inc. and individual performance and provided to each member of the Management Board in writing. As the fiscal year of the parent company Diebold Nixdorf, Inc. corresponds to the calendar year, the following regulations for the 2016/2017 financial year were put in place in respect of the targets and calculations relating to short-term variable compensation of members of the Management Board:

- For the period from October 1, 2016, to December 31, 2016, the objectives and defined targets applied in previous years remained in place. These targets were set on the basis of EBITDA (earnings before interest, taxes, depreciation, and amortization) and Group net income. Each target received the same weighting and was settled separately. If the agreed budget per target is met in full (100%), the member of the Management Board receives 100% of his/her annual fixed basic salary as a bonus. If he/she falls short of the agreed budget by a maximum of 20%, the bonus is reduced on a straight-line basis. If the specified targets are met to an extent equivalent to 80%, the member of the Management Board receives 25% of the agreed bonus. Based on the EBITDA and net income figures achieved in this period, pro rata compensation – with a target attainment of 100% – was paid out in March 2017.
- Since April 1, 2017, individualized personal targets have been in place for each member of the Management Board, based on the goals of Diebold Nixdorf, Inc. and individual goals; they are presented separately in the following sections.

Members of the Management Board receive share-based compensation instruments and share options as a form of compensation with a long-term incentive effect. For each member of the Management Board, the share-based compensation as a long-term incentive component lies between 30% and 50% of target annual income. The remainder is derived from the member's fixed annual salary and pension commitment (25%-40%) and from variable compensation (25%-30%) (bonus). Full details are established by the Supervisory Board of Diebold Nixdorf AG in consultation with the Board of Directors and Compensation Committee of Diebold Nixdorf, Inc.

The non-performance-based and performance-based components of compensation for members of the Management Board are itemized below and relate to all duties performed within the Group:

in €

	Non-performance-based				Performance-based		Total	
	Fixed basic salary		Fringe benefits					
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Dr. Jürgen Wunram	517,500.00	500,000.00	27,595.67	25,618.51	125,000.00	1,000,000.00	670,095.67	1,525,618.51
Olaf Heyden	450,000.00	396,666.73	28,713.22	24,114.68	107,500.00	793,333.46	586,213.22	1,214,114.87
Dr. Ulrich Näher[1]	450,000.00	250,833.38	35,304.36	19,289.89	107,500.00	501,666.76	592,804.36	771,790.03
Rainer Pfeil[2]	210,000.00	0.00	17,840.35	0.00	0.00	0.00	227,840.35	0.00
Eckard Heidloff[3]	350,000.00	700,000.00	24,019.99	37,301.13	350,000.00	1,400,000.00	724,019.99	2,137,301.13
Summe	**1,977,500.00**	**1,847,500.11**	**133,473.59**	**106,324.21**	**690,000.00**	**3,695,000.22**	**2,800,973.59**	**5,648,824.54**

[1] Member of the Board of Directors of Diebold Nixdorf AG since March 1, 2016
[2] Member of the Board of Directors of Diebold Nixdorf AG since April 1, 2017
[3] Left the Company effective from March 31, 2017; amount of performanced-based compensation 2016/2017 equals to 50% of target value for the year under review

The performance-based amounts of fiscal 2016/2017 refer to the targets and performance in the period October 1 to December 31, 2016. Performance-based compensation for the remaining part of the period under review is based on goals or targets of the fiscal year of Diebold Nixdorf, Inc. As these targets had not yet been attained at the time of preparing the current report and will not be attained until the end of the 2017 calendar year, details in respect of their attainment and the associated amounts to be paid will be presented in the coming financial year.

Presentation of compensation for each member of the Management Board.

In line with German Corporate Governance Code (GCGC) recommendations, compensation payable to the Management Board for fiscal 2016/2017 has been disclosed in an itemized format based on the so-called model tables recommended by the GCGC. One of the key features of this presentation is the separate disclosure of benefits granted and actual allocations.

The benefits granted include fixed compensation and fringe benefits as well as short-term variable target compensation in the event of full target attainment and long-term share-based compensation measured at fair value at the date of granting. The details presented with regard to benefits granted also include benefit expense. Additionally, the minimum and maximum figures attainable are listed for each component of compensation.

The allocation includes fixed compensation actually granted in fiscal years 2015/2016 and 2016/2017 as well as the total amount of variable compensation paid by the Company. In accordance with GCGC recommendations, the list also includes the respective benefit expenses, despite the fact that these are not, strictly speaking, considered to be allocations.

- **Dr. Jürgen Wunram**

in €

	Benefits granted				Allocation	
	2015/2016	2016/2017	2016/2017 (Min)	2016/2017 (Max)	2015/2016	2016/2017
Dr. Jürgen Wunram President & CEO Board Member since March 1, 2007						
Fixed compensation	500,000.00	517,500.00	517,500.00	517,500.00	500,000.00	517,500.00
Fringe benefits	25,618.51	27,595.67	27,595.67	27,595.67	25,618.51	27,595.67
Total fixed compensation	**525,618.51**	**545,095.67**	**545,095.67**	**545,095.67**	**525,618.51**	**545,095.67**
Short-term variable compensation[1]	500,000.00	125,000.00	0.00	250,000.00	1,000,000.00	125,000.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	---	322,568.58	0.00	n. m.[2]	---	---
Restricted Stock Units	---	219,200.45	0.00	n. m.[2]	---	---
Performance shares	---	726,031.72	0.00	n. m.[2]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	1,079,808.36	---
Share option program 2013 (2013-2017)	---	---	---	---	---	2,815,509.06
Share option program 2016 (2016-2020)	583,581.44	---	---	---	---	---
Total variable compensation	**1,083,581.44**	**1,392,800.75**	**0.00**	**n. m.**[2]	**2,079,808.36**	**2,940,509.06**
Service costs	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Total	**1,709,199.95**	**2,037,896.42**	**645,095.67**	**n. m.**[2]	**2,705,426.87**	**3,585,604.73**

[1] Possible range between 0% (no payout) and 200% (max. payout)

[2] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The Number of performance shares earned falls within a range, including a maximum value, established by the individual award.

Dr. Jürgen Wunram's short-term variable compensation granted and paid out in respect of fiscal 2016/2017, covering the period from October 1, 2016, to December 31, 2016, encompasses 25% of the short-term compensation component of €500k applicable prior to contractual amendments.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to operating profit before exceptional items ("Non-GAAP OP") in respect of the Diebold Nixdorf, Inc. Group; other components include free cash flow of the Diebold Nixdorf, Inc. Group and individual targets.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

- **Olaf Heyden**

in €

	Benefits granted				Allocation	
	2015/2016	2016/2017	2016/2017 (Min)	2016/2017 (Max)	2015/2016	2016/2017
Olaf Heyden Board member since May 1, 2013						
Fixed compensation	396,666.73	450,000.00	450,000.00	450,000.00	396,666.73	450,000.00
Fringe benefits	24,114.68	28,713.22	28,713.22	28,713.22	24,114.68	28,713.22
Total fixed compensation	**420,781.41**	**478,713.22**	**478,713.22**	**478,713.22**	**420,781.41**	**478,713.22**
Short-term variable compensation[1)]	396,666.73	107,500.00	0.00	215,000.00	793,333.46	107,500.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	---	212,531.59	0.00	n. m.[2)]	---	---
Restricted Stock Units	---	144,436.55	0.00	n. m.[2)]	---	---
Performance shares	---	478,361.57	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	---	---
Share option program 2016 (2016-2020)	501,882.16	---	---	---	---	---
Total variable compensation	**898,548.89**	**942,829.70**	**0.00**	**n. m.[2)]**	**793,333.46**	**107,500.00**
Service costs	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Total	**1,369,330.30**	**1,471,542.92**	**528,713.22**	**n. m.[2)]**	**1,264,114.87**	**636,213.22**

[1)] Possible range between 0% (no payout) and 200% (max. payout)

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The Number of performance shares earned falls within a range, including a maximum value, established by the individual award.

Olaf Heyden's short-term variable compensation granted and paid out in respect of fiscal 2016/2017, covering the period from October 1, 2016, to December 31, 2016, encompasses 25% of the short-term compensation component of €430k applicable prior to contractual amendments.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to operating profit before exceptional items ("Non-GAAP OP") in respect of the Diebold Nixdorf, Inc. Group; other components include free cash flow of the Diebold Nixdorf, Inc. Group and individual targets.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

- **Dr. Ulrich Näher**

in €

	Benefits granted				Allocation	
	2015/2016	2016/2017	2016/2017 (Min)	2016/2017 (Max)	2015/2016	2016/2017
Dr. Ulrich Näher Board member since March 1, 2016						
Fixed compensation	250,833.38	450,000.00	450,000.00	450,000.00	250,833.38	450,000.00
Fringe benefits	19,289.89	35,304.36	35,304.36	35,304.36	19,289.89	35,304.36
Total fixed compensation	**270,123.27**	**485,304.36**	**485,304.36**	**485,304.36**	**270,123.27**	**485,304.36**
Short-term variable compensation[1)]	250,833.38	107,500.00	0.00	215,000.00	501,666.76	107,500.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	---	212,531.59	0.00	n. m.[2)]	---	---
Restricted Stock Units	---	144,436.55	0.00	n. m.[2)]	---	---
Performance shares	---	478,361.57	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	---	---
Share option program 2016 (2016-2020)	501,882.16	---	---	---	---	---
Total variable compensation	**752,715.54**	**942,829.70**	**0.00**	**n. m.[2)]**	**501,666.76**	**107,500.00**
Service costs	29,166.67	50,000.00	50,000.00	50,000.00	29,166.67	50,000.00
Total	**1,052,005.48**	**1,478,134.06**	**535,304.36**	**n. m.[2)]**	**800,956.70**	**642,804.36**

[1)] Possible range between 0% (no payout) and 200% (max. payout)

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The Number of performance shares earned falls within a range, including a maximum value, established by the individual award.

Dr. Ulrich Näher's short-term variable compensation granted and paid out in respect of fiscal 2016/2017, covering the period from October 1, 2016, to December 31, 2016, encompasses 25% of the short-term compensation component of €430k applicable prior to contractual amendments.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to operating profit before exceptional items ("Non-GAAP OP") in respect of the Diebold Nixdorf, Inc. Group; other components include free cash flow of the Diebold Nixdorf, Inc. Group and individual targets.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

- **Rainer Pfeil**

in €

	Benefits granted				Allocation	
	2015/2016	2016/2017	2016/2017 (Min)	2016/2017 (Max)	2015/2016	2016/2017
Rainer Pfeil **Board member** **since April 1, 2017**						
Fixed compensation	0.00	210,000.00	210,000.00	210,000.00	0.00	210,000.00
Fringe benefits	0.00	17,840.35	17,840.35	17,840.35	0.00	17,840.35
Total fixed compensation	**0.00**	**227,840.35**	**227,840.35**	**227,840.35**	**0.00**	**227,840.35**
Short-term variable compensation[1)]		0.00	0.00	0.00	0.00	0.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	---	---	---	---	---	---
Restricted Stock Units	---	161,281.26	0.00	n. m.[2)]	---	---
Performance shares	---	203,711.52	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	---	---
Share option program 2016 (2016-2020)	---	---	---	---	---	---
Total variable compensation	**0.00**	**364,992.78**	**0.00**	**n. m.[2)]**	**0.00**	**0.00**
Service costs	0.00	25,000.00	25,000.00	25,000.00	0.00	25,000.00
Total	**0.00**	**617,833.13**	**252,840.35**	**n. m.[2)]**	**0.00**	**252,840.35**

[1)] Possible range between 0% (no payout) and 200% (max. payout)

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The Number of performance shares earned falls within a range, including a maximum value, established by the individual award.

[3)] Share options from 2016 were granted prior to appointment as a member of the Board of Directors.

All data presented in this section relates solely to the period since the appointment of Rainer Pfeil to the Management Board.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to individual targets; other components include operating profit before exceptional items ("Non-GAAP OP") in respect of the Diebold Nixdorf, Inc. Group and the free cash flow of the Diebold Nixdorf, Inc. Group.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

- **Eckard Heidloff**

in €

	Benefits granted				Allocation	
	2015/2016	2016/2017	2016/2017 (Min)	2016/2017 (Max)	2015/2016	2016/2017
Eckard Heidloff **President & CEO** **Board member until March 31, 2017**						
Fixed compensation	700,000.00	350,000.00	350,000.00	350,000.00	700,000.00	350,000.00
Fringe benefits	37,301.13	24,019.99	24,019.99	24,019.99	37,301.13	24,019.99
Total fixed compensation	**737,301.13**	**374,019.99**	**374,019.99**	**374,019.99**	**737,301.13**	**374,019.99**
Short-term variable compensation[1)]	700,000.00	350,000.00	0.00	350,000.00	1,400,000.00	350,000.00
Long-term share-based compensation						
Share option program 2012 (2012-2016)	---	---	---	---	1,511,734.18	0.00
Share option program 2013 (2013-2017)	---	---	---	---	---	4,291,694.12
Share option program 2016 (2016-2020)	817,010.48	---	0.00	n. m.[2)]	---	---
Pro rata compensation 2016/2017[3)]	---	350,000.00	---	---	0.00	350,000.00
Total variable compensation	**1,517,010.48**	**700,000.00**	**0.00**	**n. m.**[2)]	**2,911,734.18**	**4,991,694.12**
Service costs	126,082.00	63,041.00	63,041.00	63,041.00	126,082.00	63,041.00
Total	**2,380,393.61**	**1,137,060.99**	**437,060.99**	**n. m.**[2)]	**3,775,117.31**	**5,428,755.11**

[1)] Possible range between 0% (no payout) and 200% (max. payout)
[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner.
[3)] The long-term compensation component for fiscal 2016/2017 was granted on a pro rata basis and paid accordingly as part of the termination agreement.

All data presented in this section in respect of the 2016/2017 financial year relates solely to the period up to the removal of Eckard Heidloff as CEO & President. As regards the year under review, Eckard Heidloff received the contractually agreed variable compensation components pro rata on the basis of a notional target attainment of 100%.

Share-based compensation (long-term incentive component).

Prior to the domination and profit transfer agreement, eligible members of the Management Board received share options of Diebold Nixdorf AG as a form of compensation with a long-term incentive effect. In fiscal 2016/2017, all members of the Management Board as well as all other holders of options received an offer from Diebold Nixdorf, Inc. to replace Diebold Nixdorf AG share options held in exchange for Diebold Nixdorf, Inc. performance-based cash incentive awards ("DN Performance Awards") as described below.

In order to ensure consistency with regard to the comprehensive disclosure of applicable terms and conditions for share-based compensation in the annual period under review, the following section outlines the terms and conditions of the share option plan of Diebold Nixdorf AG that continued to be applicable without year-on-year changes up to the date on which share options were replaced:

The number is calculated on the basis of the planned ratio of long-term incentive components to the member's target annual income. In accordance with the requirements of the Act on the Appropriateness of Management Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG), the vesting period for share options is four years. Please refer to note [16] in the Notes to the Group financial statements for full details about the range of exercise prices, the remaining term of the respective options, the average exercise price of the share options during the exercise period, as well as the conditions of option grant and exercise associated with the share-based payment programs.

In addition to the performance target stipulated for other beneficiaries under the program (exercise price per share equals the initial value plus 12%), a further condition applies to the exercise of share options held by members of the Management Board that has an impact on the long-term incentive component. The number of share options of the annual tranche granted to members of the Management Board is calculated at the start in such a way that a member can only achieve the full amount from this component of the overall compensation package, i.e., 100% of the planned sum from the long-term incentive component, if the share appreciates in value (total shareholder return) by an average of 6% per year over the entire four-year term of the share option. Share performance is calculated in terms of movements in the share price and the dividend (dividend yield). Once the number of share options has been calculated in this way, it can no longer be changed.

If share performance is below an annual average of 6% over the entire four-year vesting period for the share option, this will produce a lower figure for this component of the member's compensation package. If share performance is above an annual average of 6% over the entire four-year vesting period for the share option, this will produce a higher figure for this component of the member's compensation package. The contracts of members of the Management Board contain appropriate provisions to ensure that the amount actually received by a member in respect of the long-term incentive component does not unduly exceed the planned compensation from this component of the overall package. A subsequent adjustment is possible if three times the amount of a Board member's planned annual compensation is exceeded when viewed over a five-year period.

The total value of the share options at the date of granting was determined by means of the Black-Scholes options pricing model. Thus, the reported value of share-based compensation is merely to be seen as an amount derived from mathematical calculations. Whether the share-based compensation components associated with the current 2014 to 2016 programs result in a payment, and if so, to what extent, will depend on the future performance of the Company's share price and the stock market price applicable during the exercise period.

Immediately prior to the offer to replace the share options with the Diebold Nixdorf, Inc. performance-based cash incentive awards described below, in April 2017, share options held by each member of the Management Board under the respective share option programs were as follows:

Units

	2016	2015	2014	Total
Dr. Jürgen Wunram	66,016	79,852	62,403	208,271
Olaf Heyden	56,774	55,897	43,682	156,353
Dr. Ulrich Näher[1) 2)]	56,774	55,897	0	112,671
Rainer Pfeil[3) 4)]	24,426	29,546	23,089	77,061
Total	**203,990**	**221,192**	**129,174**	**554,356**

[1)] Member of the Board of Directors since March 1, 2016

[2)] Share options from 2015 were granted prior to appointment as member of the Board of Directors

[3)] Member of the Board of Directors since April 1, 2017

[4)] Share options from 2014 - 2016 were granted prior to appointment as member of the Board of Directors

On March 22, 2017, the vesting period for the 2013 share option program came to an end. A total of 643,076 options of the 774,806 share options issued were exercised. The exercise price, having accounted for dividends, was €38.26. The relevant exchange price was determined on the basis of the unweighted average of the stock within the Xetra trading system of the Frankfurt Stock Exchange in the closing auction of the thirty exchange trading days immediately prior to the execution date. This price was calculated as €69.20. The associated gain per option is €30.94. In total, the Management Board exercised 218,397 share options; of this total, 127,398 share options were attributable to Eckard Heidloff and 90,999 to Dr. Jürgen Wunram. The settlement of options was effected by means of a cash settlement.

On April 25, 2017, in order to align incentive compensation, the Compensation Committee of the Board of Directors of Diebold Nixdorf, Inc. approved a one-time offer to certain employees to replace employees’ outstanding Diebold Nixdorf AG share options with performance-based cash incentive awards (“DN Performance Awards”). The grant of the DN Performance Awards was contingent on the employee’s agreement to cancel the outstanding share options. The Diebold Nixdorf AG options subject to the above offer were those vesting in March of 2018, 2019, and 2020 respectively. Each tranche of share options had a different vest date and a different "in the money" value, and so each tranche was replaced with a DN Performance Award that had the same measurement date (of 2018, 2019, or 2020, for example). In addition, each award is structured to approximate the original “in-the money” value of the cancelled share options at target, the option “under water” line at threshold, and a maximum at approximately 155% of the Diebold Nixdorf, Inc. stock price. The DN Performance Awards were based on a Diebold Nixdorf, Inc. stock price of $26.18.

In the event of a declining Diebold Nixdorf, Inc. share price, payouts only occur down to a specific threshold, Diebold Nixdorf, Inc. average share price determined individually for each plan based on the value of the “under water” options; if the share price falls below this threshold level in the respective exercise period, no payment is made. The relevant share price is determined on the basis of the average closing prices of Diebold Nixdorf, Inc. shares on the New York Stock Exchange (NYSE) within 20 exchange trading days up to and including the final trading day of the respective exercise period.

The compensatory amounts for eligible members of the Management Board of Diebold Nixdorf AG in April are presented below; these amounts may subsequently increase or decrease in line with changes in the price of Diebold Nixdorf, Inc. shares:

in €

	2016	2015	2014	Total
Dr. Jürgen Wunram	999,482.24	1,805,453.72	486,743.40	3,291,679.36
Olaf Heyden	859,558.36	1,263,831.17	340,719.60	2,464,109.13
Dr. Ulrich Näher[1) 2)]	859,558.36	1,263,831.17	0.00	2,123,389.53
Rainer Pfeil[3) 4)]	369,809.64	668,035.06	180,094.20	1,217,938.90
Total	**3,088,408.60**	**5,001,151.12**	**1,007,557.20**	**9,097,116.92**

[1)] Member of the Board of Directors since March 1, 2016

[2)] Share options from 2015 were granted prior to appointment as member of the Board of Directors

[3)] Member of the Board of Directors since April 1, 2017

[4)] Share options from 2014 - 2016 were granted prior to appointment as member of the Board of Directors

In addition, President & CEO Dr. Jürgen Wunram as well as members of the Management Board Olaf Heyden, Dr. Ulrich Näher, and Rainer Pfeil participate in the "Diebold Nixdorf, Incorporated Amended and Restated 1991 Equity and Performance Incentive Plan" (hereinafter referred to as "LTI Plan 1991") and, from 2018 onward, in the "2017 Equity and Performance Incentive Plan." As part of the LTI Plan 1991, the members of the Management Board were granted performance–based shares, restricted stock units, and stock options as a long-term incentive component of compensation.

Performance-based shares:

Performance-based shares are granted on the basis of a three-year performance period (January 1, 2017, to December 31, 2019); they provide value based on the three-year Total Shareholder Return Ranking ("TSR Ranking) of the S&P 400 Midcap Index companies vs. Diebold Nixdorf, Inc. The number of shares vested at the end of the performance period can lie within a range of 0% and 200% of the target, based on the relative TSR Ranking in respect of the two target categories.

Restricted Stock Units (hereinafter referred to as RSUs):

The purpose of these awards is to ensure retention of the executives' services for a specified period of time and to enhance their incentive for meeting objectives defined by Diebold Nixdorf, Inc. RSUs vest ratably over a three-year period on the anniversary of the date of grant. The period during which RSUs are allocated covers three years in total. After each year, one-third (1/3) of the allocated RSUs shall vest and become non-forfeitable, and the corresponding volume of shares is credited to the securities deposit account of the member of the Management Board. In those years in which the RSUs have not yet become non-forfeitable, the member of the Management Board shall receive dividend equivalent payments as determined in the same manner as shareholders of Diebold Nixdorf, Inc. The non-forfeitable allocation of RSUs is linked solely to the retention of the Board member's services for the Company, subject to certain holding restrictions. The value of each RSU at the date of allocation was determined according to the Diebold Nixdorf, Inc. shares as an unweighted average over a period of 20 exchange trading days immediately prior to the grant date.

Stock Options

Stock options provide value based solely on stock price appreciation. Grants of stock options have a ten-year term and vest ratably over a three-year period. The exercise price is based on the closing price of common shares on the grant date and is valued using the Black-Scholes stock option valuation method.

The rights granted as part of the long-term compensation component (at the grant date) are as follows:

			Monte Carlo options pricing model	
	Pro rata value of compensation component with long-term incentive in respect of target annual income[1]	Number of PSUs	Value per PSU[2]	Total of compensation component with long-term incentive effect[2]
Dr. Jürgen Wunram	535,000.00	21,851	33.23	726,031.72
Olaf Heyden	352,500.00	14,397	33.23	478,361.57
Dr. Ulrich Näher[3]	352,500.00	14,397	33.23	478,361.57
Rainer Pfeil[4]	157,500.00	6,131	33.23	203,711.52
Total	**1,397,500.00**	**56,776**		**1,886,466.38**

[1] Targeted amount, in €; 50 % of total value of compensation component with long-term incentive effect

[2] in €, at grant date

[3] Member of the Board of Directors since March 1, 2016

[4] Member of the Board of Directors since April 1, 2017

			Value at grant date	
	Pro rata value of compensation component with long-term incentive in respect of target annual income[1]	Number of RSUs	Amount per RSU[2]	Total of compensation component with long-term incentive effect[2]
Dr. Jürgen Wunram	214,000.00	8,740	25.08	219,200.45
Olaf Heyden	141,000.00	5,759	25.08	144,436.55
Dr. Ulrich Näher[3]	141,000.00	5,759	25.08	144,436.55
Rainer Pfeil[4]	157,500.00	6,131	26.31	161,281.26
Total	**653,500.00**	**26,389**		**669,354.80**

[1] Targeted amount, in €; 20 % of total value of compensation component with long-term incentive effect; Rainer Pfeil: 50%

[2] in €, at grant date

[3] Member of the Board of Directors since March 1, 2016

[4] Member of the Board of Directors since April 1, 2017

	Pro rata value of compensation component with long-term incentive in respect of target annual income[1]	Number of stock options	Black-Scholes options pricing model	
			Amount per stock option[2]	Total of compensation component with long-term incentive effect[2]
Dr. Jürgen Wunram	321,000.00	75,356	4.28	322,568.58
Olaf Heyden	211,500.00	49,650	4.28	212,531.59
Dr. Ulrich Näher[3]	211,500.00	49,650	4.28	212,531.59
Total	**744,000.00**	**174,656**		**747,631.76**

[1] Targeted amount, in €; 30 % of total value of compensation component with long-term incentive effect

[2] in €, at grant date

[3] Member of the Board of Directors since March 1, 2016

The personnel expenses recognized in connection with the various share-based compensation instruments as well as in respect of the compensatory amount are distributed among the Board members as follows:

in €

	2016/2017	2015/2016
Dr. Jürgen Wunram	2.663.019,30	2.637.989,65
Olaf Heyden	693.250,77	771.922,94
Dr. Ulrich Näher[1]	386.544,23	435.706,06
Rainer Pfeil[2]	458.174,27	0,00
Eckard Heidloff	1.307.616,89	3.693.174,91
Summe	**5.508.605,46**	**7.538.793,56**

[1] Member of the Board of Directors since March 1, 2016

[2] Member of the Board of Directors since April 1, 2017

Pension commitments.

The retirement benefit system in place for the respective members of the Management Board is based on a one-time payout or installment payments. They are entitled to the pension payments when reaching the age of sixty. However, should a member remain on the Management Board in an active capacity beyond this period, the receipt of retirement benefits will only be possible as from the end of his/her employment contract as a member of the Management Board.

The pension benefits awarded to members of the Management Board at the end of the reporting period and the allocations made to retirement accruals are as follows:

in €

	Retirement capital			
	Total		Allocations in fiscal year	
	30.09.2017	30.09.2016	**2016/2017**	2015/2016
Dr. Jürgen Wunram	1,301,200.00	1,196,200.00	100,000.00	100,000.00
Olaf Heyden	292,725.00	232,725.00	50,000.00	50,000.00
Dr. Ulrich Näher[1)]	195,000.00	132,500.00	50,000.00	0.00
Rainer Pfeil[1)]	557,977.00	514,852.00	25,000.00	0.00
Eckard Heidloff[2)]	0.00	1,380,953.00	63,041.00	126,082.00
Total	2,346,902.00	3,457,230.00	288,041.00	276,082.00

[1)] Retirement capital benefits include benefits granted prior to the appointment as member of the Board of Directors

[2)] Left the Company effective from March 31, 2017

The table shows the one-time payout entitlements that members of the Management Board would receive when reaching the age of sixty, on the basis of the entitlements accumulated up to the end of each fiscal year, as well as the entitlement acquired in each fiscal year that was allocated to pension accruals (i.e., provisions) as service costs. In the event that the respective members continue to hold a position on the Management Board, the actual pensions and/or one-time payout benefits will be higher than those presented in the table, particularly as a result of future financing contributions. The allocations to retirement capital, as listed in the table, will occur in the same amount in subsequent years until the end of the respective contracts for the members of the Management Board and will bear interest of 3.5% per annum.

Other information as well as provisions applicable in the event of termination of Board members' contracts.

There were no loan arrangements with members of the Management Board in fiscal 2016/2017 or 2015/2016. Furthermore, no benefits of a similar nature were granted.

The provisions in place with regard to the early termination of contracts with members of the Management Board differ in some points. Therefore, these details have been presented individually for each member of the Management Board. The contracts of the members of the Management Board include a reference to the provisions of Section 4.2.3 (4) of the German Corporate Governance Code (GCGC) and stipulate a settlement payment as outlined in the Code.

In case of incapacity for work caused by illness or by any other reason for which the member of the Management Board is not responsible, the member of the Management Board shall continue to receive his fixed remuneration for a period of up to 18 months as of the beginning of the incapacity for work, such term expiring in any event if he leaves the Company. Bonuses shall be paid for a period of six months as of the beginning of illness or unavailability, as far as the targets have been achieved. After the expiry of a period of 18 months as of the beginning of incapacity for work, the Company may terminate the contract with the member of the Management Board as at the end of each calendar month, which shall coincide with the early payout of disability benefits in respect of obligations under defined contribution plans of Diebold Nixdorf AG.

Members of the Management Board receive no compensation for positions held within Group entities. Members of the Management Board are subject to the non-compete obligation provided in Section 88 of the German Stock Corporation Act (Aktiengesetz – AktG). The contracts for the Management Board do not contain any provisions concerning the termination of the contract in the event of a change of control.

- **Dr. Jürgen Wunram**

In the event of the unilaterally declared termination, resignation, or revocation as well as in the event of a mutually agreed termination of the contract of the member of the Management Board, the following shall apply with respect to remuneration:

a) if Dr. Wunram resigns from his office without a compelling reason, he shall as from the date on which the resignation comes into effect until the expiry of this contract neither receive fixed compensation nor variable compensation, i.e., neither a bonus (= short-term variable compensation component) nor share-based compensation (= long-term variable compensation component). Long-term variable compensation issued to Dr. Wunram prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Dr. Wunram prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

b) if Dr. Wunram resigns from his office for a compelling reason in accordance with Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), he shall as from the date of termination up to the expiry of his contract receive as remuneration his previous fixed compensation without variable compensation. Long-term variable compensation issued to Dr. Wunram prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Dr. Wunram prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

c) if the service contract of Dr. Wunram is terminated by the Company for a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB), either with or without a phase-out period, Dr. Wunram shall no longer receive variable compensation for the current financial year, nor shall he receive such compensation in respect of a possible phase-out period.

d) In the event

(i) of a premature termination of his mandate as a member of the Management Board by way of a revocation of his appointment without a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB) for which Dr. Wunram is responsible and which would entitle the Company to terminate said contract, or in the event of a mutually agreed termination of this contract,

(ii) of Dr. Wunram being removed as a member of the Board of Directors or the Executive Committee of Diebold Nixdorf, Inc. without a compelling reason,

(iii) of Dr. Wunram terminating his membership of the Board of Directors or the Executive Committee at the request of Diebold Nixdorf, Inc.,

(iv) that his responsibilities as member of the Executive Committee of Diebold Nixdorf, Inc. are substantially changed, without his consent, and

(v) in the event of a mutually agreed termination of this contract covering appointment to the Management Board, Diebold Nixdorf AG guarantees that Dr. Wunram – in respect of the aforementioned points (ii) to (iv) only insofar as he steps down from his post on the Management Board during the term of the business combination agreement of November 23, 2015 – shall receive a one-time severance payment under the provisions of the Senior Leadership Severance Plan of Diebold Nixdorf, Inc. in the version applicable in January 2017 (SLSP), or, if higher, a severance payment as stipulated under his current service contract as a member of the Management Board:

If Dr. Wunram leaves the Company, Dr. Wunram shall receive, in the events of (ii) to (v) only if he leaves during the term of the business combination agreement dated November 23, 2015, by and between the Company and Diebold Nixdorf, Inc., as severance payment twice the amount of the total sum of annual fixed remuneration, annual fringe benefits, annual contributions to the company pension scheme, and the annual monetary benefits relating to the use of the company car as well as twice the amount of short-term and long-term variable compensation. The current version of the Management Board contract shall apply for the purpose of calculating the severance payment. If, at the time of termination of the contract, the remaining term is less than two years, the severance payment will be calculated in the event of (i) pro rata temporis. The provisions set out in Section 4.2.3 (4) of the German Corporate Governance Code shall apply in the event of (i) accordingly. The restriction of severance pay to the remaining term shall not apply in those cases in which the extent of severance pay is determined on the basis of the Senior Leadership Severance Plan of Diebold Nixdorf, Inc.

Long-term variable compensation issued to Dr. Wunram prior to the termination of his Management Board contract, however, shall not lapse; instead, it may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Dr. Wunram prior to the termination of his Management Board contract for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly.

In the event of a revocation of his appointment as well as in the case of resignation from his post, Dr. Wunram shall be entitled to terminate this contract without notice and receive the stipulated severance payment. In case of an intra-year termination with regard to the financial year, remuneration entitlements will be granted pro rata temporis in consideration of the preceding sections.

- **Olaf Heyden and Dr. Ulrich Näher**

In the event of the unilaterally declared termination, resignation, or revocation as well as in the event of a mutually agreed termination of the contracts of the members of the Management Board, the following shall apply with respect to remuneration:

a) if a member of the Management Board resigns from his office without a compelling reason, he shall as from the date on which the resignation comes into effect until the expiry of this contract neither receive fixed compensation nor variable compensation, i.e., neither a bonus (= short-term variable compensation component) nor share-based compensation (= long-term variable compensation component). Long-term variable compensation issued to a member of the Management Board prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to a member of the Management Board prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly.

b) if a member of the Management Board resigns from his office for a compelling reason in accordance with Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), he shall as from the date of termination up to the expiry of his contract receive as remuneration his previous fixed compensation without variable compensation. Long-term variable compensation issued to a member of the Management Board prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to a member of the Management Board prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly.

c) if a contract in respect of the Management Board is terminated by the Company for a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB), either with or without a phase-out period, the member of the Management Board shall no longer receive variable compensation for the current financial year, nor shall he receive such compensation in respect of a possible phase-out period.

d) In the event

(i) of a premature termination of his mandate as a member of the Management Board by way of a revocation of his appointment without a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB) for which the member of the Management Board may be deemed responsible and which would entitle the Company to terminate said contract or in the event of a mutually agreed termination of this contract,

(ii) of the Board member being removed as a member of the Executive Committee of Diebold Nixdorf, lnc. without a compelling reason,

(iii) of the Board member terminating his membership of the Executive Committee at the request of Diebold Nixdorf, lnc.,

(iv) that his responsibilities as member of the Executive Committee of Diebold Nixdorf, lnc. are substantially changed, without his consent, and

(v) in the event of a mutually agreed termination of the contract covering appointment to the Management Board, Diebold Nixdorf AG guarantees that said member of the Management Board – in respect of the aforementioned points (ii) to (iv) only insofar as he steps down from his post on the Management Board during the term of the business combination agreement of November 23, 2015 – shall receive a one-time severance payment under the provisions of the Senior Leadership Severance Plan of Diebold Nixdorf, lnc. in the version applicable in January 2017 (SLSP), or, if higher, a severance payment as stipulated under his current service contract as a member of the Management Board:

If the member of the Management Board leaves the Company, he shall receive, in the events of (ii) to (v) only if he leaves during the term of the business combination agreement dated November 23, 2015 by and between the Company and Diebold Nixdorf, Inc., as severance payment twice the amount of the total sum of annual fixed remuneration, annual fringe benefits, insurance premiums, annual contributions to the company pension scheme, and the annual monetary benefits relating to the use of the company car under the terms of the contract as well as one-and-a-half the amount of short-term and long-term variable compensation pursuant to the terms of the relevant contract. The current version of the relevant Management Board contract shall apply for the purpose of calculating the severance payment.

If, at the time of termination of the contract, the remaining term is less than two years, the severance payment will be calculated in the event of (i) pro rata temporis. The provisions set out in Section 4.2.3 (4) of the German Corporate Governance Code shall apply in the event of (i) accordingly. The restriction of severance pay to the remaining term shall not apply in those cases in which the extent of severance pay is determined on the basis of the Senior Leadership Severance Plan of Diebold Nixdorf, lnc.

Long-term variable compensation issued to a member of the Management Board prior to the termination of his contract, however, shall not lapse; instead, it may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to a member of the Management Board prior to termination of his contract for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

In the event of a revocation of his appointment as well as in the case of resignation from his post, the member of the Management Board shall be entitled to terminate this contract without notice and receive the severance payment stipulated under the contract. In case of an intra-year termination with regard to the financial year, remuneration entitlements will be granted pro rata temporis in consideration of the preceding sections.

- **Rainer Pfeil**

In the event of the unilaterally declared termination, resignation, or revocation as well as in the event of a mutually agreed termination of the contract of the member of the Management Board, the following shall apply with respect to remuneration:

a) If Mr. Pfeil resigns from his office without a compelling reason, he shall as from the date on which the resignation comes into effect until the expiry of this contract neither receive fixed compensation nor variable compensation, i.e., neither a bonus (= short-term variable compensation component) nor share-based compensation (= long-term variable compensation component). Long-term variable compensation issued to Mr. Pfeil prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Mr. Pfeil prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

b) If Mr. Pfeil resigns from his office for a compelling reason in accordance with Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), he shall as from the date of termination up to the expiry of his contract receive as remuneration his previous fixed compensation without variable compensation. Long-term variable compensation issued to Mr. Pfeil prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Mr. Pfeil prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly.

c) If this contract is terminated by the Company for good cause within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB), either with or without a phase-out period, Mr. Pfeil shall no longer receive variable compensation for the current financial year, nor shall he receive such compensation in respect of a possible phase-out period.

d) In the event of a premature termination of his mandate as a member of the Management Board by way of a revocation of his appointment without a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB) for which Mr. Pfeil may be deemed responsible and which would entitle the Company to terminate said contract or in the event of a mutually agreed termination of the Management Board contract, Mr. Pfeil shall receive severance pay on the basis of the following provisions: Mr. Pfeil shall receive twice the amount of the total sum of annual fixed remuneration, annual fringe benefits, insurance premiums, annual contributions to the company pension scheme, and the annual monetary benefits relating to the use of the company car as well as one-and-a-half the amount of short-term and long-term variable compensation pursuant to the terms of the contract. The severance payment shall be limited to the compensation of the remaining term of Mr. Pfeil's contract. If, at the time of termination of the contract, the remaining term is less than two years, the severance payment will be calculated pro rata temporis. The provisions set out in Section 4.2.3 (4) of the German Corporate Governance Code shall apply accordingly.

Long-term variable compensation issued to Mr. Pfeil prior to termination of his Management Board contract, however, shall not lapse; instead it may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Mr. Pfeil prior to termination of the Management Board contract for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly. In case of an intra-year termination with regard to the financial year, remuneration entitlements will be granted pro rata temporis in consideration of the preceding sections.

Remuneration of former members of the Management Board.

In fiscal 2016/2017, the total emoluments received by former members of the Management Board and their surviving dependents amounted to €4,435k in total (2015/2016: €123k). The figure in respect of the annual period under review includes compensation resulting from the termination of the employment contract of Eckard Heidloff, which totaled €4,311k. Provisions in the amount of €4,756k (2014/2015: €3,328k) have been recognized in connection with pension obligations towards former members of the Management Board and their surviving dependents.

System of compensation for the Supervisory Board.

Supervisory Board compensation is determined on the basis of the size of the enterprise, the duties and responsibilities of Supervisory Board members, and the economic situation of the Company. The provisions relating to Supervisory Board compensation are specified in Section 12 of the Articles of Association of Diebold Nixdorf AG, which was most recently amended on the basis of a resolution passed by the Annual General Meeting of Shareholders on January 29, 2007, and came into force upon entry in the Commercial Register on March 14, 2007. According to these provisions, the members of the Supervisory Board receive a fixed amount of €30,000 as annual compensation, payable after the end of the fiscal year. In the case of the Chairperson of the Supervisory Board, compensation is equivalent to three times the annual amount, and in the case of his/her deputy, one and a half times the annual amount mentioned above. The Chairperson of the Audit Committee also receives one and a half times the annual amount of compensation. Members of the Supervisory Board whose appointment to the board or to one of the above-mentioned functions is limited to part of the fiscal year shall receive proportionate compensation for each month commenced. In addition to annual compensation, the members of the Supervisory Board receive an attendance allowance of €3,000 per day for meetings of the Supervisory Board and of the committees to which they are appointed. If a meeting of the Supervisory Board attended by the member coincides with a meeting of one of the Supervisory Board's committees, the attendance allowance is paid for only one such meeting.

The remuneration of individual members of the Supervisory Board of Diebold Nixdorf AG is shown in the following table:

in €

	Annual compensation		Attendance allowances		Total	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Dr. Alexander Dibelius (Chairman)	90,000.00	90,000.00	24,000.00	36,000.00	114,000.00	126,000.00
Michael Schild* (Deputy Chairman)	45,000.00	45,000.00	27,000.00	36,000.00	72,000.00	81,000.00
Prof. Dr. Achim Bachem (until September 30, 2016)	0.00	30,000.00	0.00	30,000.00	0.00	60,000.00
Dr. Valerie Barth (since January 25, 2016)	30,000.00	22,500.00	24,000.00	18,000.00	54,000.00	40,500.00
Christopher A. Chapman (October 1, 2016 until March 31, 2017)	0.00	0.00	0.00	0.00	0.00	0.00
Elin Dera* (since January 25, 2016)	30,000.00	22,500.00	27,000.00	21,000.00	57,000.00	43,500.00
Dr. Dieter Düsedau (since October 1, 2016 Chairman of the Audit Committee)	45,000.00	30,000.00	27,000.00	30,000.00	72,000.00	60,000.00
Prof. Dr. Edgar Ernst (until January 25, 2016) (Chairman Audit Committee)	0.00	15,000.00	0.00	15,000.00	0.00	30,000.00
Gabriele Feierabend-Zaljec* (until January 25, 2016)	0.00	10,000.00	0.00	12,000.00	0.00	22,000.00
Hans-Ulrich Holdenried (from January 25, 2016 until September 30, 2016 Chairman Audit Committe; until September 30, 2016)	0.00	41,250.00	0.00	36,000.00	0.00	77,250.00
Volker Kotnig* (until January 25, 2016)	0.00	10,000.00	0.00	15,000.00	0.00	25,000.00
Andreas W. Mattes (since October 1, 2016)	0.00	0.00	0.00	0.00	0.00	0.00
Thomas Meilwes* (until January 25, 2016)	0.00	10,000.00	0.00	12,000.00	0.00	22,000.00
Stefan E. Merz (since May 2, 2017)	0.00	0.00	0.00	0.00	0.00	0.00
Elizabeth C. Radigan (since October 1, 2016)	0.00	0.00	0.00	0.00	0.00	0.00
Edmund Schaefer* (since January 25, 2016)	30,000.00	22,500.00	24,000.00	18,000.00	54,000.00	40,500.00
Zvezdana Seeger (until September 30, 2016)	0.00	30,000.00	0.00	30,000.00	0.00	60,000.00
Martin Stamm* (since January 25, 2016)	0.00	10,000.00	0.00	12,000.00	0.00	22,000.00
Reinhard Steinrücke* (since January 25, 2016)	30,000.00	22,500.00	24,000.00	18,000.00	54,000.00	40,500.00
Daniela Ueberschär* (since January 25, 2016)	30,000.00	22,500.00	24,000.00	18,000.00	54,000.00	40,500.00
Carmelo Zanghi*	30,000.00	30,000.00	24,000.00	30,000.00	54,000.00	60,000.00
Total	**360,000.00**	**463,750.00**	**225,000.00**	**387,000.00**	**585,000.00**	**850,750.00**

* Employee reprentative

The Supervisory Board members Andreas W. Mattes, Christopher A. Chapman, Stefan E. Merz, and Elizabeth C. Radigan did not receive any compensation in respect of their roles as members of the Supervisory Board, as these duties are covered by current employment contracts with Diebold Nixdorf, Inc.

3.4 Disclosures required under takeover law.

Disclosures relating to capital, voting rights, and appointment of members of the Management Board.

As the parent company of the Diebold Nixdorf AG Group, Diebold Nixdorf AG utilizes an organized market as defined by Section 2 (7) WpÜG (German Securities Acquisition and Takeover Act) through the Company's issued shares with voting rights and, therefore, reports pursuant to Section 315a HGB (German Commercial Code).

As of September 30, 2017, the share capital of Diebold Nixdorf AG is €33,084,988.00, divided into 33,084,988 no-par-value shares ("Stückaktien" governed by German law).

Each share is furnished with the same rights and has one vote at the General Meeting. The Management Board is not aware of any restrictions to the voting rights of individual shares. The Company's employee share ownership plans include time-related restrictions for a small number of shares, e.g., in the case of vesting/lock-up periods.

On September 26, 2016, a domination and profit transfer agreement was concluded between Diebold Nixdorf AG and Diebold Nixdorf KGaA as the controlling entity, following approval by the Annual General Meeting of Diebold Nixdorf AG; the aforementioned agreement came into effect on February 14, 2017, upon entry in the Commercial Register of Diebold Nixdorf AG. The Company is not aware of any other direct or indirect equity interests that exceed 10% of the voting rights.

In connection with the domination and profit transfer agreement, Diebold Nixdorf KGaA has guaranteed that minority interests shall receive recurring compensation of €3.13 (gross) – less possible deductions for corporation tax and solidarity surcharge according to the tax rate applicable in respect of these taxes for the financial year in question – for each Diebold Nixdorf AG ordinary share; this compensation shall fall due for payment on the first banking day subsequent to the AGM (Annual General Meeting) for the respective financial year ended. Additionally, each minority interest shall have the right to request a cash settlement of €55.02 from Diebold Nixdorf KGaA for each Diebold Nixdorf AG ordinary share transferred.

The shares do not confer any special rights with controlling powers. Furthermore, there is no control over voting rights in those cases in which employees hold a share in equity.

Rules for the appointment and removal of members of the Management Board are laid out in Sections 84 and 85 AktG (German Stock Corporation Act), which stipulate that members of the Management Board shall be appointed by the Supervisory Board for a maximum period of five years. After each period of office, members may be reappointed or their period of office extended for a further maximum period of five years in each case. According to Section 5 of the Articles of Association, the number of members of the Management Board is determined by the Supervisory Board; the Management Board must consist of at least two members.

The Articles of Association may only be amended by the General Meeting (Section 179 (1) Sentence 1 AktG). Pursuant to Section 13 of the Articles of Association, the Supervisory Board may only amend and decide on the wording of the Articles of Association. In accordance with

Section 18 (1) of the Articles of Association, resolutions of the General Meeting may be passed by a simple majority of the votes cast in the absence of a mandatory provision of the law stipulating otherwise. In cases where the law requires a majority of the share capital represented at the time of voting, a simple majority of the share capital represented will suffice in the absence of a mandatory provision of the law stipulating otherwise.

Authorization of the Management Board to buy back shares in the Company.

In the period from January 26, 2016, up to and including January 25, 2021, the Company is authorized to purchase the Company's own shares, also known as treasury shares, with the consent of the Supervisory Board, up to a total of 10% of the current share capital at the time of the resolution or – if this value is lower – at the time of the exercising of this authorization. In doing so, the shares acquired due to this authorization together with other shares of the Company that it has already acquired and still possesses or are assigned to it pursuant to Sections 71d, 71e AktG (German Stock Corporation Act) may not exceed 10% of the respective share capital at any time. The authorization can be exercised for any legally permissible purpose; however, the Company may not trade in its own shares. The Company may purchase the shares on the stock exchange or by means of a public offering extended to all shareholders. The shares may also be acquired by the Company's dependent companies within the meaning of Section 17 AktG (German Stock Corporation Act) or companies in which the Company is the majority shareholder within the meaning of Section 16 (1) AktG (German Stock Corporation Act) or, for its or their account, by third parties. In the event of acquisition via the stock exchange, the consideration paid by the Company for the acquisition of each share (without expenses incidental to the acquisition) shall not exceed or be below the share price by more than 10%. The applicable share price within the meaning of the foregoing provision in case of acquisition on the stock exchange shall be the price determined on the day of the trade in the opening auction of a share of the Company of the same class with the same rights in XETRA trading (or a system replacing XETRA) on the Frankfurt Stock Exchange.

The Management Board is authorized to use the shares for all legally permissible purposes, in particular to sell them through the stock exchange or by making a public offering to all shareholders. The shareholders have no subscription right in the event of a sale through the stock exchange. In the event of a sale by means of public offering, the Management Board is authorized, with the consent of the Supervisory Board, to exclude subscription rights for the shareholders for fractional amounts. The Management Board is further authorized, with the consent of the Supervisory Board, to effect a sale of the Company's acquired own shares in a manner other than through the stock exchange or by making a public offering to all shareholders, provided the acquired own shares are sold for cash at a price not substantially lower than the stock market price for Company shares of the same class with the same rights on the date of such sale. However, this authorization shall only apply under the condition that the shares sold in this manner may not exceed an aggregate of 10% of the Company's share capital at the time of such resolution or – if this is lower – at the time of the exercising of this authorization. In calculating this 10% limit, all shares issued after this authorization from authorized capital excluding subscription rights in accordance with Section 186 (3) Sentence 4 AktG (German Stock Corporation Act) and options or conversion rights for Company shares granted after this authorization if the grant excludes subscription rights in accordance with Section 186 (3) Sentence 4 AktG shall be taken into account.

The shares can also be purchased using put or call options or forward purchase agreements (jointly: "derivatives"). The Company is authorized to sell options to third parties, which obligates the Company to purchase shares of the Company upon exercising the option (put option), to purchase options that give the Company the right to purchase shares of the Company upon exercising the option (call option), and to purchase shares of the Company using a combination of put and call options. These respective option conditions must ensure that the Company is only provided with shares that it has purchased while upholding the principle of equality in treatment (Section 53a AktG). All purchases of shares using derivatives are restricted to a maximum of 5% of the existing share capital at the time of the resolution of the General Meeting regarding this authorization or – if this is lower – at the time of exercising this authorization. The terms of the derivatives must end, at the latest, on January 24, 2021. Within this context, the term of an individual derivative may in each case not exceed 18 months. The option premiums paid by the Company for call options and received by the Company for put options may not be significantly higher or lower than the theoretical market value determined by recognized financial mathematical methods of the respective options; the agreed-upon exercise price is to be taken into consideration as part of the aforementioned calculation. The purchase price per share of the Company to be paid upon exercising the option and/or to be paid at the due date of the forward purchase agreements may not exceed the average price of the Company's shares of the same class with the same rights in the closing auction of XETRA trading (or a system replacing XETRA) on the Frankfurt Stock Exchange over the last three trading days prior to the day of the conclusion of the relevant option and/or forward purchase agreement by more than 10%, or fall short of this by more than 20% (respectively without ancillary purchase costs, but taking the option premium received and/or paid into account). The option transactions must be concluded respectively with an independent bank or independent financial institution at conditions close to the market.

Shareholders' subscription rights with respect to the Company's treasury shares shall be excluded in the following cases:

- Where the Company uses its treasury shares under the terms of a business combination or the (direct or indirect) acquisition of equity holdings with the consent of the Supervisory Board.
- Where the treasury shares are used to fulfill obligations in relation to stock options under the Company's stock option programs.
- Where the treasury shares are used to fulfill conversion rights or obligations in relation to participatory certificates with warrants and/or convertible participatory certificates and/or

convertible bonds and/or bonds with warrants and/or income bonds issued by the Company or by the Company's dependent Group companies with the consent of the Supervisory Board.

Authorizations of the Management Board to issue shares.

1. Authorized Capital 2014 pursuant to Section 4 (5) of the Articles of Association:

The Management Board has been authorized to increase share capital, with the Supervisory Board's approval, by up to €16,542,494.00 (in words: sixteen million five hundred and forty-two thousand four hundred and ninety-four euros) (Authorized Capital 2014) through the issue, for cash and/or non-cash contributions, of new bearer shares under single or multiple initiatives up to January 19, 2019. Shareholders must be granted a right of subscription. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights. The Management Board is also entitled, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights where the issue price does not lie significantly below the current stock market trading price. This authorization shall only apply subject to the condition that the total shares issued without shareholder subscription rights, in accordance with Section 186 (3) Sentence 4 AktG (German Stock Corporation Act), may not exceed 10% of the share capital at the time of the resolution. The aforementioned limit of 10% of share capital shall take into account all shares and rights granting an entitlement to subscribe shares in the Company that have been issued or sold under exclusion of subscription rights pursuant to or in accordance with Section 186 (3) Sentence 4 AktG (German Stock Corporation Act) since the aforementioned authorization was granted, i.e., since January 20, 2014. Furthermore, the Management Board is authorized to exclude shareholders' subscription rights with the prior consent of the Supervisory Board when issuing shares for non-cash contributions for the purpose of acquiring (including indirect acquisitions) entities, parts of entities, or equity interests in entities; in this case, the exclusion of subscription rights shall be limited to no more than 20% of the share capital of the Company at the time of the resolution or, if this figure is lower, at the time of the exercising of this authorization.

In addition, the aforementioned authorizations regarding the exclusion of subscription rights shall only apply subject to the condition that the proportion of shares issued since the granting of this authorization, i.e., since January 20, 2014, on the basis of this or other authorizations for the issuance or sale of shares in the Company or rights granting an entitlement to subscribe shares in the Company under exclusion of subscription rights pursuant to or in accordance with Section 186 (3) AktG (German Stock Corporation Act) do not exceed a total of 20% of share capital existing at the time of the resolution or, if this figure is lower, at the time of the exercising of this authorization. The Management Board is also authorized, with the consent of the Supervisory Board, to determine the additional rights attaching to the shares and the terms and conditions of the share issue. The Supervisory Board shall be authorized to adapt the wording of the Articles of Association after a complete or partial increase in the Company's share capital on the basis of Authorized Capital 2014 or after expiry of the period of authorization to reflect the extent of the capital increase executed on the basis of Authorized Capital 2014.

2. Contingent Capital I 2014 pursuant to Section 4 (7) of the Articles of Association:

The share capital is conditionally increased by up to €1,654,249.00 (in words: one million six hundred and fifty-four thousand two hundred and forty-nine euros), divided into up to 1,654,249 bearer shares (Contingent Capital I 2014). This contingent capital increase is to be used exclusively to cover stock options issued to members of the Company's Management Board, board members of subordinate associated companies within and outside of Germany, and to other executives and employees of the Company and its subordinate associated companies as detailed in the provisions of the authorization resolved by the AGM on January 20, 2014, and as detailed in the provisions of the authorization resolved by the AGM of January 20, 2014, in the version amended on the basis of the resolution passed by the AGM of January 25, 2016. It shall only be implemented to the extent that holders of share options exercise their right to subscribe shares in the Company and the Company does not provide the consideration in cash or with its own shares. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued. If they are issued before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well.

3. Contingent Capital II pursuant to Section 4 (8) of the Articles of Association:

The share capital is conditionally increased by up to €10,000,000.00, divided into a maximum of 10,000,000 bearer shares (Contingent Capital II). The Contingent Capital increase shall be used for the purpose of granting option rights or option obligations, in accordance with the option conditions, to the holders of warrants from participatory certificates with warrants and/or bonds with warrants or to grant conversion rights or conversion obligations, in accordance with the conversion conditions, to the holders of convertible participatory certificates and/or convertible bonds that are issued by the Company or a dependent Group entity of the Company within the meaning of Section 17 AktG (German Stock Corporation Act) by January 20, 2018, pursuant to the authorization adopted by the Annual General Meeting on January 21, 2013, under item 7, letter a). The new shares shall be issued at the option or conversion price to be defined in accordance with the above authorization adopted. The increase in Contingent Capital shall be carried out only if the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds are issued and only insofar as the holders of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds make use of their option or conversion rights or holders of participatory certificates or bonds who are obliged to convert them or exercise their option fulfill their obligation to convert them or exercise their option and the Contingent Capital is required in accordance with the conditions of the participatory certificates with warrants or convertible participatory certificates or bonds with warrants or convertible bonds. The new shares issued pursuant to exercise of the option or conversion right shall carry dividend rights from the beginning of the fiscal year in which they are issued. If they are issued before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well. The Management Board shall be authorized, with the consent of the Supervisory Board, to define the further details of the contingent capital increase. The Supervisory Board is further authorized to amend the wording of Section 4 (8) of the Articles of Association in accordance with the respective issue of shares and make all connected adaptations to the Articles of Association that only relate to the wording. The same shall apply if the authorization to issue participatory certificates with warrants or convertible participatory certificates or bonds with warrants or convertible bonds is not used after expiry of the period of authorization and if the Contingent Capital is not used after expiry of the periods for exercising option or conversion rights.

Authorization to issue participatory certificates with warrants and/or convertible participatory certificates, bonds with warrants, convertible bonds and/or income bonds and to exclude subscription rights.

The Management Board was authorized by the AGM on January 21, 2013, with the consent of the Supervisory Board, once or several times up to January 20, 2018,

- to issue bearer participatory certificates (i) to which bearer participatory certificates with warrants are attached or (ii) that are attached to a conversion right for the holder for a maximum term of 20 years as of their issue, and to grant option rights to the holders of participatory certificates with warrants and conversion rights to the holders of convertible participatory certificates to bearer shares in the Company, as detailed by the conditions of the participatory certificates with warrants or convertible participatory certificates

and instead of or in addition

- to issue bearer bonds with warrants and/or bearer convertible bonds and/or bearer income bonds (hereinafter referred to jointly as "bonds with warrants and/or convertible bonds") with a maximum term of 20 years and to grant option rights to the holders of bonds with warrants and conversion rights to the holders of convertible bonds to bearer shares in the Company, as detailed by the conditions of the bonds with warrants or convertible bonds.

The aggregate principal amount of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to be issued under this authorization shall not exceed €500,000,000.00. Option rights or conversion rights shall only be issued in respect of shares of the Company with a proportionate amount of share capital of up to €10,000,000.00 in total.

As well as in euros, the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds can also be issued in the legal currency of an OECD country, limited to the corresponding value in euros, calculated on the basis of the euro reference rate of the European Central Bank on the day of the resolution regarding the issuance. They can also be issued by a dependent Group entity of the Company within the meaning of Section 17 AktG (German Stock Corporation Act); in this case, the

Management Board is authorized, with the consent of the Supervisory Board, to give a guarantee for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds on behalf of the Company and to grant option rights or conversion rights to bearer shares in the Company to holders of participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds. The bonds with warrants and/or convertible bonds can also be issued in exchange for contributions in kind or the granting of rights.

The participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds shall be offered for subscription to the shareholders. They may also be taken up by a bank or a consortium of banks, with the proviso that said shares shall be offered to shareholders for subsequent subscription. Companies operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) KWG (German Banking Act) are equivalent to banks. If participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds are issued by dependent Group companies of the Company within the meaning of Section 17 AktG (German Stock Corporation Act), the Company shall ensure that shareholders of the Company are granted the statutory subscription right in accordance with the above sentences. The Management Board shall be authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders,

- to utilize fractions;

- insofar as this is necessary so that holders of previously issued option or conversion rights can be granted a subscription right to new participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to the extent to which they would be entitled after exercising the option or conversion rights as shareholders;

- insofar as the issue takes place in exchange for cash payment, the shares of the Company to be issued in respect of conversion and/or option rights do not exceed a total of 10% of the share capital of the Company – neither at the time of the entering into force of this authorization nor at the time of its execution –, and the issue price of the participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds or bonds with warrants is not significantly below the theoretical market value of the participatory certificates and/or bonds, as determined according to recognized financial mathematical methods; as regards the aforementioned 10% threshold, all shares that are issued or sold on the basis of other existing authorizations or authorizations resolved by this AGM to issue or sell shares of the Company under the exclusion of the subscription right pursuant to or in corresponding application of Section 186 (3) sentence 4 AktG (German Stock Corporation Act) shall be taken into account;

- if and insofar as the participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants are issued in exchange for contributions in kind, in particular to acquire entities, parts of entities, or equity interests in entities (including an increase in the stake) or for carrying out a business combination.

The above authorizations to decide on exclusion of the subscription right of shareholders shall be granted independently of each other.

Conversion and/or option rights to shares up to a total of 20% of the share capital only shall be granted on the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds issued on the basis of one of the above authorizations with exclusion of the subscription right of shareholders; in calculating the above maximum amount, all shares that are issued or disposed of on the basis of other existing authorizations or authorizations adopted by this AGM to issue or dispose of shares in the Company with the exclusion of the subscription right pursuant to, or in application mutatis mutandis of, Section 186 (3) AktG (German Stock Corporation Act) shall be taken into account.

Moreover, the above authorizations to decide on excluding the subscription right of shareholders shall not affect the authorization to issue the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds with granting of a subscription right to shareholders or to a bank or a consortium of banks, linked to the obligation to offer them for subscription to shareholders.

If participatory certificates with warrants and/or bonds with warrants are issued, each participatory certificate or each bond shall have attached one or more warrants that authorize the holder to subscribe to bearer shares in the Company as detailed by the option conditions to be defined by the Management Board. For participatory certificates with warrants and/or bonds with warrants denominated in euros and issued by the Company or by dependent Group companies of the Company within the meaning of Section 17 AktG (German Stock Corporation Act), the option conditions can stipulate that the option price may also be settled by the transfer of participatory certificates or bonds and, if applicable, an additional cash payment. In this case, the pro rata amount of the share capital for shares to be subscribed to for each participatory certificate or bond shall not exceed the principal amount of the participatory certificate with warrants or bond with warrants. The price at which the shares are acquired shall correspond to at least 90% of the arithmetic mean of the closing prices of shares in the Company in the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor) on the last five days of stock market trading before the resolution by the Management Board on defining the option price. If there are fractions of new shares, it is possible to stipulate that these fractions can be added up in accordance with the option conditions, if applicable with an additional cash payment, so that full shares can be acquired.

If convertible participatory certificates and/or convertible bonds are issued, the holders shall obtain the non-retractable right to convert the participatory certificates or bonds into bearer shares in the Company in accordance with the conversion conditions to be defined by the Management Board. The conversion ratio shall be derived by dividing the principal amount or the issue amount below the principal amount of a participatory certificate or bond by the set conversion price for a share in the Company and can be rounded up or down to a full number; furthermore, an additional cash payment and pooling of, or compensation for, fractions that cannot be converted may be defined. The conversion price shall correspond to at least 90% of the arithmetic mean of the closing prices of shares in the Company in the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor) on the last five days of stock market trading before the resolution by the Management Board on defining the conversion price.

Notwithstanding Section 9 (1) AktG (German Stock Corporation Act), the option or conversion price can be reduced pursuant to a dilution protection clause as detailed in the conditions for the participatory certificates with warrants and/or convertible participatory certificates or the conditions for the convertible bonds or bonds with warrants if, during the option or conversion period, the Company increases the share capital and grants an exclusive subscription right to its shareholders or by means of a capital increase from company funds or issues further participatory certificates with warrants or convertible participatory certificates or bonds with warrants or convertible bonds or grants or guarantees option or conversion rights or obligations and the holders of existing option or conversion rights or obligations are not granted thereto any subscription right as they would be entitled to after exercising the option or conversion right or fulfilling the option or conversion obligation. Reduction of the option or conversion price can also be effected by a cash payment when the option or conversion right is exercised or when the option or conversion obligation is fulfilled or by reducing the additional payment. The conditions of the option rights or obligations or participatory certificates with warrants or convertible participatory certificates or bonds with warrants or convertible bonds can also stipulate adjustment of the option or conversion rights or option or conversion obligations in the event of a capital reduction, restructuring, extremely high dividends, a third party gaining control of the Company or comparable measures. In all these cases, the adjustment shall be made in conformity to Section 216 (3) AktG (German Stock Corporation Act) so that the economic value of the conversion or option rights or obligations following the adjustment essentially corresponds to the economic value of the conversion or option rights or obligations directly before the measures that initiated the adjustment. If a third party gains control of the Company, adjustment of the option or conversion price in line with market practice can be provided for.

The bond or option conditions can stipulate that the Company has the right not to grant new shares when the conversion or option right is exercised, but to pay a cash amount for the number of shares that would otherwise have to be provided that corresponds to the mean closing price of shares in the Company, not weighted by volume, in the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor) over the last ten days of stock market trading before notice of exercise of the conversion or option right is given. The conditions for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds can also stipulate that the participatory certificates with warrants and/or convertible participatory certificates or bonds with warrants or convertible bonds can, at the discretion of the Company, be converted to existing shares instead of new shares of the Company from Contingent Capital or that the option right or option obligation can be fulfilled by providing such shares.

The conditions for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds may also provide for a conversion or option obligation at the end of the term or at another time or give the Company the right, upon final maturity of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds, to grant the participatory certificate and/or bond creditors shares in the Company in full or in part instead of payment of the due cash amount. In the latter case, the option or conversion price can correspond to the mean price of the Company's shares, not weighted by volume, in the closing auction in electronic trading on the Frankfurt Stock Exchange over the last five days of stock market trading before the final maturity date, as detailed by the conditions for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds. Section 9 (1) in conjunction with Section 199 (2) AktG (German Stock Corporation Act) shall be observed.

The interest on the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds may be variable. In addition, it can be dependent on key profit ratios of the Company and/or the Group (including the distributable profit or the dividend for Company shares set by the resolution on appropriation of profit). In this case, the participatory certificates and/or bonds do not have to be assigned a conversion and/or option right. Moreover, a subsequent payment for benefits/payments not provided in previous years can be specified.

The Management Board is authorized, with the consent of the Supervisory Board, to define the additional details relating to the issue and rights of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds, in particular the rate of interest, issue price, term and denomination, dilution protection provisions, the option or conversion period, and the option and conversion price or in agreement with the boards of the Company's investee issuing the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds.

Significant agreements in the event of a takeover offer.

Diebold Nixdorf AG has not entered into any significant agreements that are contingent on a change of control of the Company following a takeover offer.

There are currently no agreements between Diebold Nixdorf AG and members of the Management Board or employees for the payment of compensation in the event of a takeover offer.

4 Report on opportunities and risks.

Diebold Nixdorf regularly finds itself confronted by opportunities and risks that can have both a positive and a negative impact on the Group’s assets, profits, and cash flow, as well as on intangibles such as its reputation; these opportunities and risks are inextricably linked with the Group's commercial activities.

In this report on opportunities and risks, we will outline the fundamental elements of the risk management system operated by Diebold Nixdorf, discuss the key opportunities and risks faced by the Group, and present Diebold Nixdorf's profile of opportunities and risks.

4.1 Risk management system.

We define risks as possible future developments or events that may result in an adverse variance from our forecasts. Alongside risks, we also look in equal measure at possible opportunities. In general, opportunities can be defined as potential future developments or events that may have a positive impact on the Group's future performance and forecast if used in the right manner.

We interpret risk management as the ongoing challenge of identifying, analyzing, and evaluating the entire range of potential and actual developments so that we can control our response wherever possible. Risk management is an integral part of the management system adopted by Diebold Nixdorf. The aim is to identify at an early stage any risks that might jeopardize the Company's targeted growth and/or its existence as a going concern and thus mitigate their impact. These activities are by no means restricted to risks; they are also applied in equal measure to opportunities. To this end, we have clearly defined the management and corporate structure of Diebold Nixdorf and separated certain functions in order to preserve the integrity of individual Group functions.

We follow the globally acknowledged COSO conceptual framework (The Committee of Sponsoring Organizations of the Treadway Commission) as regards the process of determining our opportunities and risks on a regular basis. Applying a classification system that includes four categories (Strategic, Operational, Financial, and Legal), all potential deviations from targets are assigned on the basis of gross exposure notifications. In this case, the opportunity (risk), measured on the basis of possible cash inflow (cash outflow) within the coming fiscal year, is defined as the product of the estimated positive (negative) effect on EBITA upon occurrence of the event and the estimated probability of occurrence.

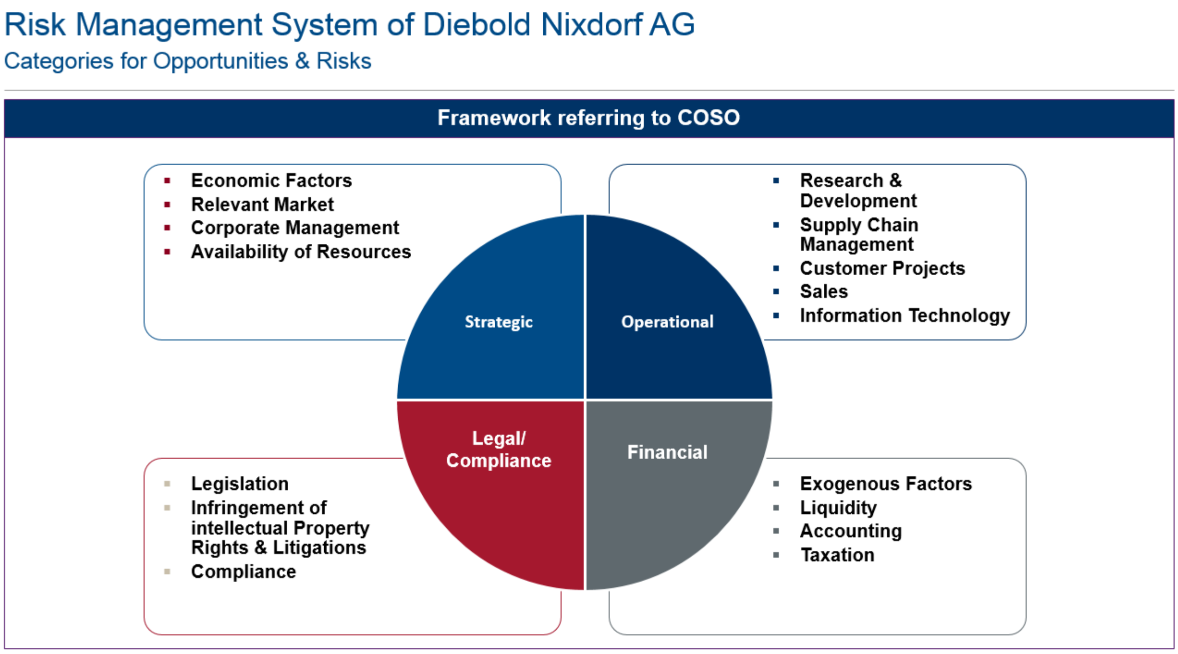
Our risk management system is structured in such a way that opportunities and risks are monitored and evaluated – based on approved annual budgets – at a decentralized level. This means that risk management takes place both in our legally independent units and at Group level, with operating units enjoying a high degree of autonomy so that they can react flexibly to opportunities as they arise. To be more precise, the ongoing tasks of identification, evaluation, implementation of measures, and controlling occur directly within the respective operational units. Target EBITA serves as the basis for determining opportunities and risks.

Reporting processes that relate to specific parameter thresholds and the actual extent of risk are used to coordinate the activities of the relevant Group functions. A Deal Review Process (DRP), which also involves members of the Management Board, has been established to discuss key projects, agree on appropriate measures, and assess and manage projects with due regard for the risk strategy. Our centralized Risk Management department is responsible for controlling this risk management process and defining our risk standards and risk control tools. By embedding risk management within overall Group Controlling, we can ensure that it is treated as an integral component of business management rather than as a one-time assessment of fundamental risks, e.g., relating to the approval of specific projects. In this context, we compile an annual report on opportunities and risks, in addition to considering opportunities and risks relating to the Group and individual business units as part of monthly, quarterly, and annual assessment meetings. Furthermore, we have established a risk reporting process whereby the central risk management team is notified directly of any significant opportunities/risks that have newly emerged or of any dramatic changes to the opportunity/risk situation.

The main elements of the risk management system have also been documented in our management handbook and in Group directives.

As an international enterprise with a diversified product portfolio, Diebold Nixdorf is exposed continuously to a number of developments and events that may have a material influence on its business performance.

Diebold Nixdorf applies the following categorization for the purpose of determining opportunities and risks:



Strategic influencing factors encompass macroeconomic influences such as economic trends in the respective sales markets, but also the impact of natural disasters or terrorist attacks.

This category also includes influences centered around the factors of competition, innovation, and market growth relating to the market that is of relevance in particular to Diebold Nixdorf. Specifically, it should be noted that the entry into force of the domination and profit transfer agreement, which allows Diebold Nixdorf, Inc., to pursue the further integration of Diebold Nixdorf AG in accordance with statutory provisions set out in German legislation, may lead to potential deviations from original targets. Subsidiaries of Diebold Nixdorf AG and Diebold Nixdorf, Inc. are being merged in selected countries, as a result of which the Group structure of Diebold Nixdorf AG as well as the number of entities to be included in consolidation will change.

Additionally, both positive and negative effects may occur as a result of management activities that are not aligned with corporate planning. Application of the internal control system and execution or implementation of special projects are two aspects to be cited in this context. For example, this category also includes influences from the DN2020 integration program that is built on six key pillars. Additionally, the general availability of resources such as highly qualified managers and skilled workers as well as access to essential IT structures are of particular relevance to the Group in strategic terms.

The category comprising **operational opportunities and risks** assesses aspects that relate directly to the Group's operating activities. For example, in the area of research and development this might include incorporating customer needs at an early stage of the process for the purpose of offering a portfolio of products and services tailored to market requirements or the timely provision of a product featuring the expected functionality and quality.

Opportunities/risks relating to our supply chain may occur as a result of disruptions or impairments in procurement and production, but also with regard to channels of distribution for hardware and software. At the same time, changing commodity and energy prices may have an impact on earnings generated by Diebold Nixdorf. In the area of hardware production we consider optimal capacity utilization of our plants as well as expenses associated with the relocation of manufacturing to be critical factors influencing our bottom-line results. Risks relating to transportation and channels of distribution may occur in the form of delayed deliveries and damages in transit, with associated financial repercussions.

This category also includes the assessment of sales-specific opportunities/risks, such as changing profit margins due to the prevailing level of concentration in the competitive environment. Other operational opportunities/risks might arise from delayed schedules when it comes to implementing specific projects or from non-budgeted expenses for the operation and maintenance of customer systems.

For Diebold Nixdorf, as an established supplier of IT solutions for banks and retail companies, exposure to risks associated with data handling in the areas of Outsourcing and Store Lifecycle Management is an issue of increasing significance. Insufficient availability of IT systems, with concomitant claims for compensation by our business partners on the one hand, but also better-than-expected performance on the other hand, may have financial consequences.

Diebold Nixdorf's business is also influenced by **financial risks**. They mainly include currency, liquidity, and credit risks, as well as risks associated with interest rate changes. For the purpose of limiting these risks, Diebold Nixdorf manages Group financing centrally to a large extent and finances itself within the Diebold Nixdorf, Inc. Group.

The risk of a change in interest rates arises from taking up credit tied to the market rate. Interest expenses are mainly linked to the short-term variable market interest rate (EURIBOR) plus a margin. This margin can be subject to change depending on certain financial ratios. Being tied to a market interest rate, therefore, means that we are exposed to an interest rate risk as soon as that rate increases. In order to counteract this risk, we have concluded interest rate swap contracts.

The global nature of the Group generates payments in both directions in a range of currencies. Incoming and outgoing payments in individual currencies are netted off against each other. Thus, by selecting suitable suppliers and making appropriate location-related decisions, we actively seek to create a natural hedging effect to the greatest extent possible. The netted-off amounts represent our remaining exchange rate risk, which is then hedged up to 100% (depending on volume and currency) on a rolling 12-month basis by means of suitable financial instruments.

We reduce credit default risks by consistently obtaining credit reports, setting credit limits, and running a proactive debtor management function, including a payment reminder system and active debt collection. Diebold Nixdorf uses letters of credit to secure receivables from countries classified as presenting a credit risk.

Refinancing of Diebold Nixdorf AG Group entities is primarily conducted at a central level; this poses the risk of insufficient cash reserves for the on-time settlement of financial obligations. Diebold Nixdorf AG addresses this risk by monitoring its cash flow as well as by maintaining reserves in the form of unused credit lines within the Diebold Nixdorf, Inc. Group.

A long-term loan commitment has been made by Diebold Nixdorf, Inc., which provides Diebold Nixdorf with sufficient room for maneuver with regard to financing. Diebold Nixdorf is therefore exposed to the liquidity risk of Diebold Nixdorf, Inc. From a third-party perspective, therefore, Diebold Nixdorf has the same credit rating as Diebold Nixdorf, Inc. Additionally, a loan granted by the European Investment Bank was extinguished in fiscal 2016/2017 prior to maturity.

For further details of financial instruments within the Group, please refer to section 22 in the notes to the consolidated financial statements.

Diebold Nixdorf is exposed to a range of opportunities and risks in the **legal environment**. These might occur in connection with disputes possibly arising in the future in respect of legal issues or property rights. Legal disputes may arise in the ordinary course of business, for instance, with regard to disputes relating to products supplied and services rendered, product liability, product defects, quality issues, or the infringement of property rights.

Despite far-reaching communication and training measures as well as an established system of compliance management, it is conceivable that we may be affected by compliance-related infringements (e.g., antitrust and corruption transgressions). This can have a range of legal consequences, e.g., financial penalties and fines. Alongside these threats, we see ourselves exposed to regulatory risks arising from our international business activities. At the same time, a functioning compliance system may also create opportunities when it comes to securing contracts for customer projects.

4.2 Description of the main features of the internal control and risk management system with regard to the Group accounting process (Section 315 (2), No. 5 HGB).

A key element of our strategy for minimizing and avoiding risk, especially in the areas of accounting and financial reporting, is the internal control system. Diebold Nixdorf's internal control system contains a series of principles, procedures, and measures that are intended to ensure that the accounting process is effective, cost-efficient, and in compliance with statutory regulations.

Diebold Nixdorf's internal guidelines on accounting and financial reporting under International Financial Reporting Standards provide a framework of uniform accounting policies for all the domestic and international companies that make up the consolidated Group. They also include stipulations for the Group financial statements as well as detailed and formalized requirements to be applied by Group companies.

We promptly evaluate the impact of all new regulations and amendments to existing accounting rules and, where they are of relevance to us, incorporate them into the accounting process.

In addition, with regard to finances and financial reporting, integrity and responsibility are ensured by the inclusion of an obligation to that effect in the Group's internal Code of Conduct.

Diebold Nixdorf has established a largely uniform IT platform, a uniform system of accounts, and standardized, computer-based accounting processes. This standardization ensures that all significant transactions are recorded in a proper, timely, and uniform manner. Mandatory rules are in place for any additional manual recording of transactions. Accounting valuations, e.g., testing for the impairment of goodwill, are carried out by the Group's own specialist staff; in isolated cases, such as the measurement of pension obligations, this task is performed by external valuation experts.

In order to prepare Diebold Nixdorf's consolidated financial statements, the separate financial statements of those companies whose accounts are maintained using Diebold Nixdorf's standard IT platform are transferred to an IT consolidation system based on SAP SEM. Data for the financial statements of all other Group companies is delivered using a web-based interface. The data provided to the parent company is automatically checked by the system. The separate financial statements submitted by Group companies are subjected to further centralized checks with due regard for the reports prepared by the auditors.

Information relevant to the consolidation process is automatically identified and obtained by the system, thus ensuring that Group internal transactions are properly and completely eliminated. All consolidation processes involved in drawing up the Group financial statements are performed and documented within the IT-based consolidation system. The components of the Group financial statements, including any significant disclosures for the Notes to the financial statements, are derived from the resulting information. At the heart of the internal control system lie a series of both process-integrated and process-independent measures. One fundamental element of the process-integrated measures is automatic, IT-based process control.

Additional control functions, including manual process controls such as the "four-eyes principle," have been established through the organizational separation of administrative, executive, billing, and authorization functions. The IT systems we use for this purpose are also protected as far as possible against unauthorized access through a system of access rights and restrictions. It should be noted, however, that even the use of appropriate and properly functioning systems cannot provide absolute certainty. Other control tasks are performed by specific Group functions such as the central tax department. Both the Supervisory Board of Diebold Nixdorf AG (in particular its Audit Committee) and Internal Audit are integrated into the internal control system and are tasked with carrying out independent checks.

4.3 Compliance.

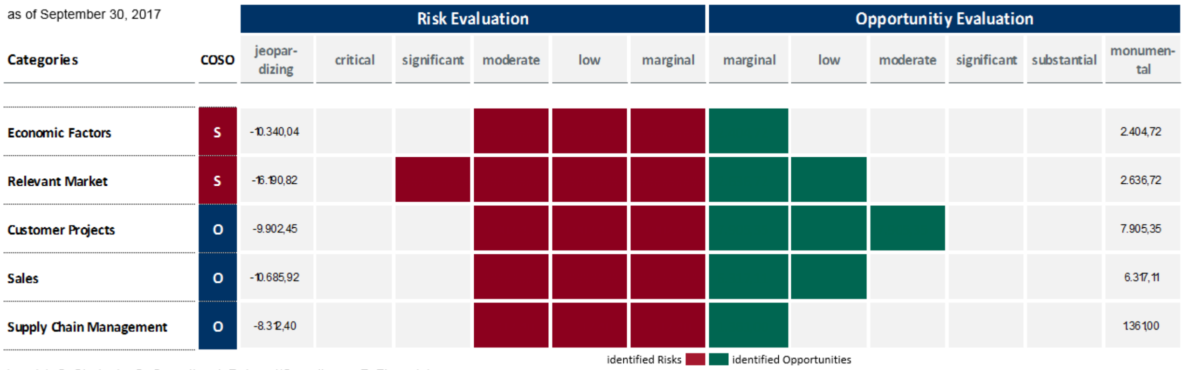
Group Internal Audit conducts regular checks on the internal control systems and business processes of both subsidiaries and centralized functions with regard to compliance, cost-effectiveness, efficiency, and security. In particular, it monitors compliance with directives, organizational precautionary measures, financial indicators relating to the income statement and statement of financial position, and the structure of contracts, in addition to drawing up proposals for process optimization. As an independent body, it reports directly to the Management Board and the Supervisory Board's Audit Committee.

4.4 Presentation of significant opportunities and risks.

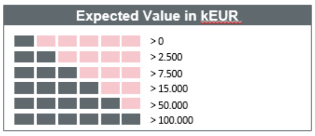
Opportunities and risks are accorded equal status within the risk management process and are allocated to the four principal categories outlined above. The following overview presents the Group's key opportunities and risks identified as part of the analysis. The potential positive effects on earnings as a result of opportunities and the possible negative effects on earnings attributable to risks within the shortened fiscal year and the subsequent 2018 fiscal year, as determined by opportunity and risk reports, form the basis of this assessment. The assessment of opportunities and risks therefore relates to the period from October 1, 2017, to December 31, 2018.

Opportunities and risks are categorized according to specific expected values as marginal, low, moderate, significant, critical/substantial, and jeopardizing the entity as a going concern/prominent. The Group's opportunity and risk profile, based on an assessment scale, i.e., parameter thresholds, determined in close cooperation with the Management Board, is presented below. In keeping with the principle of materiality, we have restricted this presentation to those influencing factors that were evaluated at the very least as "moderate" at Group level.

Significant Opportunities & Risks of the Diebold Nixdorf AG



Level 1: S: Strategic; O: Operational; R: Legal/Compliance; F: Financial
Level 2: Identified Opportunities and Risks in the respective category



→ Risk assessment period for stub year from Oct-Dec 2017 extrapolated to 12-month view for comparability with previous reports

Economic factors. Budgeted EBITA may be impacted significantly if individual economies or global economic conditions in general develop at a level that is at variance with original projections. The reasons for such deviations can be multifaceted. They may include economic fluctuations in the sales markets of Diebold Nixdorf as well as unforeseeable positive or negative developments relating to political hot spots around the globe and their impact on the growth performance of the major economies. It is conceivable that these external factors, which can be controlled only to a limited extent, might cause a deviation – in either direction – from the target forecast. As regards economic performance, the risk assessed in this context is adjudged to be markedly higher in comparison with the potential opportunities.

Relevant market. Alongside economic factors, the category comprising strategic opportunities and risks also includes the aspect of changes within the markets that are of specific relevance to the Diebold Nixdorf portfolio. Relevant markets are defined as those sales regions in which we are active with our product portfolio for retail banks and retail companies. This portfolio consists of hardware, software, and services. The opportunities and risks to be highlighted in this category also include those associated with trends relating to automation and digitalization in specific markets. These may also have an impact on our customers' decision-making processes with regard to technology or may possibly result in delayed action due to the greater complexity of projects. Additionally, risks may occur in those cases in which entities with a similar product portfolio decide to enter a regional market or, alternatively, influence the market by applying a different verticalization strategy and such activities subsequently lead to a reduction in earnings at Diebold Nixdorf. By contrast, earnings may increase if competitors retreat from individual markets or if Diebold Nixdorf is able to strengthen its own market position in dedicated segments vis-à-vis competing entities.

Regardless of the competitive situation, high acceptance levels with regard to specific products can create market dynamics – both positive and negative – as a result of reaction to individual elements of the portfolio that is difficult to predict. Given the current situation in the relevant market, we are of the opinion that the associated risks are more pronounced than the opportunities identified within this area.

Supply chain management. As one of the world's leading providers of IT solutions and services, Diebold Nixdorf is dependent on a functioning supply chain. It is essential that we safeguard the security of supply across the entire chain of value creation, which also applies when implementing new sourcing strategies. Although our supply chain management has adopted a seamless approach from supplier through to customer, we cannot rule out entirely the possibility of an impact on earnings as a result of circumstances along the value chain within the areas of procurement, production, or sales.

As regards procurement, we endeavor to identify and realize potential for improvement, avoid single sourcing, and minimize faults associated with sourced parts by selecting appropriate suppliers and carrying out inspections. We have reduced our vertical range of manufacture as part of measures aimed at restructuring our production operations. This generally leads to a greater level of dependence on selected suppliers. We are committed to treating our suppliers as full-fledged partners along the value chain and to establishing a relationship of trust with them. The cost savings targeted by Diebold Nixdorf in the area of production may have favorable add-on effects; at the same time, however, possible delays pose the risk of a much more negative effect on earnings. Deviations from planned capacity utilization levels as a result of economies of scale generated or not generated by the Company can have similar effects on earnings.

Customer projects. Our business has changed over recent years. The overall complexity of projects is becoming much more pronounced. Our Group has evolved from a hardware supplier into a provider of intricate IT solutions and services. Projects that undergo a dedicated approval process often cover a period of several years; we cannot rule out entirely the possibility of time and cost overruns within the individual subprojects. The execution of projects is safeguarded by clearly defined project structures and project management methods, as well as experienced project managers. Despite this, significant risks may occur over the course of project implementation or during operational deployment, particularly in the case of complex software projects or when assuming responsibility for the operation of complex customer IT environments. Other examples of opportunities/risks associated with customer projects include expenses in excess of or lower than those computed as part of fixed-price agreements, dependence on business partners, liability provisions, and contractual penalties.

The aforementioned risks may be attributable to several factors and necessitate an individual strategy of risk prevention. We have taken the conscious decision to assign responsibilities for risk mitigation in a decentralized manner across the Group, as this approach facilitates rapid identification, evaluation, mitigation, and control of risks.

At the same time, the execution of customer projects may also produce opportunities for the Company. Although the scope of such opportunities is considered to be less pronounced, successful project management or the ability to apply to future customer projects specific learning effects gained from completed projects can contribute substantially to above-average project results and therefore have a positive impact on target attainment.

Sales. Diebold Nixdorf's target markets differ in terms of their competitive situation and their concentration of competition. In the context of a given customer or competitive situation, individual and project-related decisions as to products/services and terms offered – which may also, for example, include larger than expected price erosion – can have a different effect on EBITA than originally planned. This effect may be either positive or negative. Such aspects are reflected in the – evenly matched – opportunity and risk profiles presented in this section. EBITA attributable to the subsequent year may also be affected as a result of customer-side delays in the placement of orders or by the fact that they are effected earlier than planned.

4.5 Overall risk.

As of the reporting date, and in the foreseeable future, the Management Board is not aware of any individual risk that could pose a danger to the continued existence of the Diebold Nixdorf AG Group as a going concern. Equally, in the view of the Management Board, the sum of all opportunities and risks does not show the Diebold Nixdorf AG Group to be in any jeopardy as of the date of preparing this report.

5 Report on expected developments.

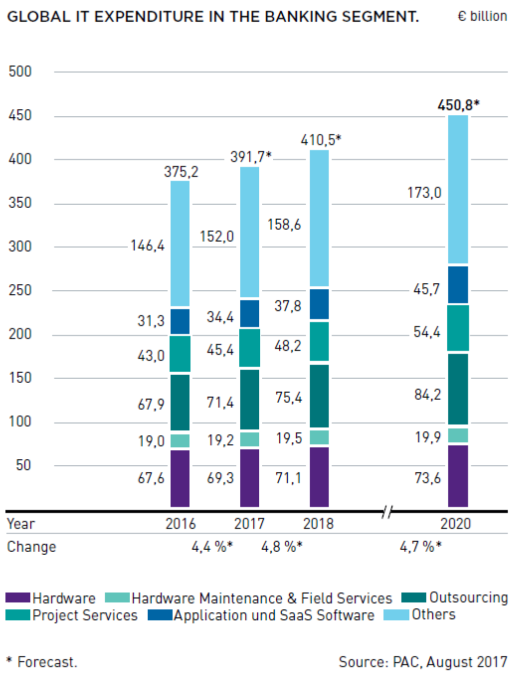
5.1 Macroeconomic and industry environment.

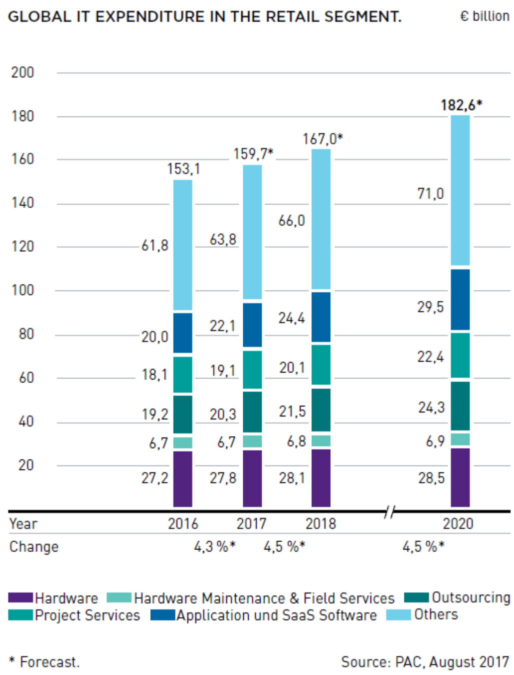
Anticipated macroeconomic developments. The International Monetary Fund (IMF) remained consistent in its projections for global growth in the year as a whole: as outlined three months earlier, the IMF expects the world economy to expand by 3.6% in 2017.

The IMF's outlook for 2018 is slightly more optimistic than in the past. It estimates that the world economy will expand by 3.7% in 2018, having revised upward by 0.1 percentage point its previous outlook for global growth. This forward momentum is likely to be driven by the United States, Japan, the eurozone, China, and the emerging economies of Asia.

Industry environment. Based on market analyses, global spending on IT will again rise in 2018 – in both the banking sector and the retail industry.

According to figures published by market research firm Pierre Audoin Consultants (PAC) in August 2017, IT investment in the banking sector is set to expand from €391.7 billion in 2017 to €410.5 billion in 2018. This represents an increase of 4.8%. Based on PAC's research, the retail industry is also poised to ramp up investment in IT, with spending in 2018 forecast to rise by 4.5% compared with the year 2017. In absolute terms, this would be equivalent to IT expenditure of €167.0 billion in the retail industry in 2018, on the back of €150.9 billion in 2017. Hardware-related business will play a marginal role when it comes to driving growth in the retail and banking industries. By contrast, business in the field of software and software-related services is likely to provide much more impetus. In our estimation, this is attributable largely to the impact of progressive digitalization and automation. Business within the area of outsourcing also holds potential for growth. In our opinion, the significant growth rates predicted in the field of banking, in particular, are due to substantial cost-related pressures and associated efforts to streamline fixed costs by outsourcing services to external business partners.





Overall assessment of the business environment. Against the backdrop of the wider market picture set to emerge in fiscal 2017/2018, the fundamental route taken by the Group in terms of strengthening its business in the area of software/software-related and higher-end services would appear justified. These business streams underpin digitalization of customer operations and are being fueled by growing demand. By contrast, this trend may lead to a shift in customers' focal points when it comes to investment spending in more traditional areas of business, which may ultimately coincide with lower demand in this category.

5.2 Expected business performance for the Diebold Nixdorf AG Group.

Due to the transition of the annual period of Diebold Nixdorf AG to the calendar year as from fiscal 2018, the next reporting period will merely cover the months from October 1 to December 31, 2017 (hereinafter referred to as "shortened fiscal year"). Therefore, business performance will be presented separately for the two periods in question. The outlook for fiscal 2018 is subject to greater uncertainty, as planning processes for 2018 in respect of the Diebold Nixdorf, Inc. Group had yet to be concluded when this report was prepared. Furthermore, in the context of the domination and profit transfer agreement the parent company may, at any time, issue instructions that could have a material impact on the business performance of the Diebold Nixdorf AG Group in fiscal 2018.

As for the shortened fiscal year, we anticipate a noticeable downturn in net sales compared to the extremely buoyant prior-year period (October 1 to December 31, 2016: €619 million). Net sales are expected to be down on the prior-year figure both in the Banking segment and in the Retail segment. From Diebold Nixdorf AG's perspective, the effects of merging business units as part of the DN2020 program have to be taken into account; this aspect makes comparability of the two periods much more difficult. In the shortened fiscal year, these effects will result in a decline in net sales and a concomitant reduction in EBITA. At the same time, however, Diebold Nixdorf AG is confident that it can benefit from other measures implemented as part of the DN2020 program over the course of the shortened fiscal year. The first positive effects were seen as early as the financial year under review, and as the program evolves further bottom-line contributions are expected. Overall, we anticipate that EBITA (without transaction and restructuring expenses) for the shortened fiscal year will be positioned well below the very solid figure posted for the same period a year ago (October 1 to December 31, 2016: €50 million), primarily as a result of lower net sales. This applies in equal measure to the Banking segment and the Retail segment. Additionally, we anticipate one-time expenses in the single-digit millions.

As for fiscal 2018, we anticipate that net sales will remain unchanged or increase marginally compared to the comparative pro-forma figure for the previous year. However, comparability with the pro-forma prior-year figure is possible only to a limited extent due to the amalgamation of business units as part of the DN2020 program. This has both positive as well as negative effects on net sales. Net sales for the Banking and Retail segments are expected to develop along the same lines. As regards EBITA (without transaction and restructuring expenses), we expect to be able to match or slightly exceed the levels recorded in the comparative prior-year period. Against the backdrop of continued price erosion in the hardware market and the adverse effects of this trend on earnings, we remain confident that declines in this area can be offset by productivity gains and quality improvements. What is more, we anticipate positive contributions from measures implemented as part of the DN2020 program. Our projections for 2018 also include one-time expenses. These, however, are expected to be significantly lower than the figures recorded in fiscal 2016/2017.

5.3 Overall assessment of future business development.

Overall, we expect net sales and EBITA before non-recurring items for the current shortened fiscal year to be noticeably lower than the respective prior-year figures. From Diebold Nixdorf AG's perspective, the effects of merging business units as part of the DN2020 program have to be taken into account; this aspect makes comparability of the two periods much more difficult. Additionally, we anticipate one-time expenses in the single-digit millions. As regards fiscal 2018, any guidance figure issued at this moment in time is clouded by quite significant levels of uncertainty; in this context, we anticipate that net sales and EBITA before non-recurring items will remain unchanged or increase marginally in relation to the comparative pro-forma period. As regards this period, too, comparability is significantly impaired by the amalgamation of business units. One-time expenses are expected to be substantially lower than those posted for the reporting period.

GROUP MANAGEMENT REPORT OF DIEBOLD NIXDORF AKTIENGESELLSCHAFT FOR FISCAL 2016/2017

Disclaimer:

This document contains forward-looking statements that are based on current estimates and assumptions made by the management of Diebold Nixdorf AG. Under no circumstances shall these statements be considered as constituting a guarantee that such expectations are correct or will materialize. In particular, it should be noted that the parent company may demand the implementation of measures on the basis of the domination (*Beherrschung*, officially referred to as "control" under IAS/IFRS) and profit transfer agreement; such measures may have an impact on details and figures presented in the report on expected developments. The future performance as well as the results actually achieved by Diebold Nixdorf AG and its affiliated companies are subject to various risks and uncertainties. Therefore, they may differ materially from those expressed or implied by forward-looking statements. A number of these factors are beyond Diebold Nixdorf AG's sphere of influence and cannot be forecast or predicted with any level of certainty, e.g., those factors relating to future economic conditions or the actions of competitors and other market participants. Diebold Nixdorf AG disclaims any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

RESPONSIBILITY STATEMENT.

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Paderborn, December 20, 2017
Diebold Nixdorf AG, Paderborn

Dr. Wunram	Chapman	Heyden
President and Chief Executive Officer	Board Member	Board Member
Dr. Näher	Pfeil	
Board Member	Board Member	

INDEPENDENT AUDITOR'S REPORT (BASED ON GERMAN DRAFT)

To Diebold Nixdorf AG, Paderborn

Report on the audit of the consolidated financial statements and Group management report

Opinions

We have audited the consolidated financial statements of Diebold Nixdorf AG, Paderborn, and its subsidiaries ("Group" or "Diebold Nixdorf") – which comprise the consolidated statement of financial position as of September 30, 2017, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the financial year from October 1, 2016, to September 30, 2017, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the Group management report of Diebold Nixdorf AG, Paderborn, for the financial year from October 1, 2016, to September 30, 2017 .

In our opinion, based on our audit findings,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a(1) HGB (old version) and give a true and fair view of the net assets and financial position of the Group as of September 30, 2017, and of its results of operations for the financial year from October 1, 2016, to September 30, 2017, in accordance with these requirements, and

- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with German statutory requirements, and suitably presents the opportunities and risks of future development.

- Pursuant to Section 322(3) sentence 1 HGB, we state that our audit has not led to any reservations with respect to compliance of the consolidated financial statements and the Group management report.

Basis for opinion

We conducted our audit of the consolidated financial statements and Group management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; hereinafter referred to as "EU Audit Regulation") and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW). Our responsibilities under those regulations and guidelines are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and Group management report" section of our report. We are independent of the Group companies in accordance with the requirements of European Union law as well as German commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities under German professional law in accordance with these requirements. In addition, pursuant to Article 10(2)(f) EU Audit Regulation, we hereby declare that we did not provide any of the prohibited non-audit services referred to in Article 5(1) EU Audit Regulation. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from October 1, 2016, to September 30, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Accrual-based revenue recognition from the Hardware, Software, and Services business streams

Please refer to "Accounting and Valuation Principles" for details relating to the accounting policies applied and to Note 1 of the notes to the consolidated financial statements for information on the composition of net sales.

FINANCIAL STATEMENT RISK

Diebold Nixdorf has presented net sales of €2,362 million in total in its income statement (i.e., statement of profit or loss) from the business streams Hardware, Software, and Services. Depending on the nature of the product or service provided, revenue for individual components of products and services within the respective business streams is recognized as revenue either at the date of delivery or performance or, in respect of subsequent performance relating to Software and Services, accrued/deferred, with revenues being recognized over the duration of the contract.

The financial statement risk is that accrual/deferral and recognition of revenue from the respective business streams are not effected on the basis of accrual accounting.

Revenue (net sales) represents an important performance indicator for the internal management of the Group. The amount of revenue also has an influence on variable compensation of managers employed within the Group. There is a risk that the actual point of revenue recognition, i.e., the timing, may be influenced or affected deliberately in order to attain Group targets or goals and thereby influence the amount of variable compensation.

OUR AUDIT APPROACH

In the course of our audit we assessed, in respect of the various products and services supplied and provided by the individual business streams, the structure and implementation as well as the effectiveness of internal controls aimed at ensuring accrual-based revenue recognition (i.e., accounting for revenues in the period in which they are earned), e.g., system-based checks and controls that ensure that revenue can only be accounted for if corresponding dispatch/delivery notes or documentation of service performance exist.

To address the issue of risk associated with deliberate acts of influencing the timing of revenue recognition, among other things, we conducted a risk-based analysis of revenue postings and entries immediately prior and subsequent to the end of the reporting period for the purpose of ensuring that revenue had been recognized in accordance with the principles of accrual-based accounting. This included reviewing relevant documents such as dispatch notes, delivery notes, or approval reports in order to assess the requisite performance in respect of products supplied and services rendered as a basis for revenue recognition. As regards contractual agreements covering services to be provided over a defined period of time, we also assessed, on the basis of the contractual agreements, whether the accrual/deferral and recognition of revenue had been performed correctly for the duration of the contract.

OUR CONCLUSIONS

We ascertained that revenues received had been appropriately allocated to the periods in question with regard to the business streams analyzed by us.

In this context, there was no evidence to suggest that the timing of revenue recognition had been deliberately influenced or affected.

Changes in estimates relating to actuarial assumptions for the measurement of obligations from defined benefit plans for post-employment benefits.

Please refer to "Accounting and Valuation Principles" in the notes to the consolidated financial statements for details of accounting policies applied and to Note 19 in the notes to the consolidated financial statements for information on the composition of and changes to obligations relating to defined benefit plans as well as provisions for pensions.

FINANCIAL STATEMENT RISK

Several defined benefit plans relating to post-employment benefits exist within the Group. These result in defined benefit obligations with a present value of €307 million in total. They are presented under "Accruals for pensions and similar commitments" (i.e., provisions for pensions and similar obligations) in the Group balance sheet (i.e., Group statement of financial position), having been offset with the corresponding plan asset in accordance with IAS 19.

These obligations are measured on the basis of actuarial assumptions in the form of estimates. Estimates relating to such assumptions (in particular the rate used to discount obligations) require considerable judgment and, in some cases, in-depth knowledge of actuarial matters. Diebold Nixdorf has engaged external actuaries for the purpose of drawing up assumptions and measuring benefit obligations. A new standardized Group directive for the purpose of determining actuarial assumptions resulted in changes to the process of calculating the discount rate, particularly in respect of the significant defined benefit plans within the eurozone.

In particular, any thus resulting change in the discount rate would have a material impact on the amount of obligations to be recognized. The financial statement risk is that the procedure for determining actuarial assumptions and, consequently, the measurement of defined benefit obligations are not in compliance with IAS 19. Additionally, there is the risk that disclosure of the effects of changes in the method of estimating the discount rate has not been conducted in conformity with IAS 8 and the required disclosures have not been made in a manner that is complete and appropriate.

OUR AUDIT APPROACH

In close collaboration with our own actuaries, we assessed whether the new Group directive for the determination of actuarial assumptions of relevance to measurement and valuation (particularly for determining the discount rate) is suitable for determining adequately all actuarial assumptions of relevance to measurement and valuation in conformity with IAS 19 on the basis of available market data.

In addition, we conducted a review as to whether the effects of changes in estimates for the purpose of determining the discount rate had been disclosed in the notes in a manner that was complete and adequate in accordance with IAS 8.

OUR CONCLUSIONS

The new directive adopted by Diebold Nixdorf for the purpose of determining actuarial assumptions (particularly for determining discount rates) is suitable with regard to the measurement of defined benefit obligations.

The disclosures in respect of changes in estimates have been presented in the notes in a manner that is adequately detailed and appropriate.

Recognition and measurement of taxes on income in the consolidated financial statements.

Please refer to "Accounting and Valuation Principles" in the notes to the consolidated financial statements for details of accounting policies applied. As regards the composition of tax expense and further explanatory details relating to tax expense and tax items, please refer to Notes 6 and 13 in the notes to the consolidated financial statements.

FINANCIAL STATEMENT RISK

In fiscal 2016/2017, a control (also referred to elsewhere as "domination" – the term officially used under IAS/IFRS is "control") and profit transfer agreement came into force between Diebold Nixdorf AG and Diebold Holding Germany Inc. & Co. KGaA (Diebold KGaA), a wholly-owned subsidiary of Diebold Nixdorf, Incorporated, upon entry in the Commercial Register at the District Court of Paderborn. Due to the thus resulting inclusion of Diebold Nixdorf AG and the domestic entities formerly belonging to the tax group of Diebold Nixdorf AG in the consolidated tax group of Diebold KGaA in respect of taxes on income, any liability for income tax payments relating to Diebold Nixdorf AG expired. All profits/losses of the domestic tax group are now legally subject to taxation in respect of Diebold KGaA, which is not included in the consolidated financial statements of Diebold Nixdorf AG.

The provisions set out in IAS 12 do not include explicit regulations concerning the recognition of tax expense incurred by domestic consolidated tax groups belonging to the Group. The selection of the method to be applied to the recognition of this tax expense is subject to considerable discretion on the part of Diebold Nixdorf. In exercising its judgment, Diebold Nixdorf accounted for all tax expense attributable to domestic consolidated tax groups belonging to the Group in the consolidated financial statements of Diebold Nixdorf AG when preparing the consolidated financial statements of Diebold Nixdorf AG, irrespective of an actual liability in respect of taxation. Therefore, rather than adopting a position based on the formal procedures of the law, the Company decided to allocate the relevant tax items from an economic/commercial perspective, i.e., substance over form. The method chosen by Diebold Nixdorf is based on the notional existence (i.e., legal fiction) of a separate/discrete liability in respect of taxation on the part of controlled entities belonging to the Group. Consequently, all effects of taxation relating to these entities were accounted for in the consolidated financial statements of Diebold Nixdorf. This includes the recognition of current taxes as well as the aspect of accounting for tax risks and possible tax back payments or refunds for prior periods, in addition to the concomitant effects in regard to deferred taxes. In the case of the tax fiction outlined above, no obligations have arisen within the Diebold Nixdorf Group in a legal sense. Therefore, the capital reserves were increased by an amount equivalent to the tax expense recognized in respect of tax expense incurred by the controlled entities.

Beyond the domestic tax group, Diebold Nixdorf engages in business in various jurisdictions around the globe, with all the concomitant challenges and risks in respect of local legislation governing taxation. In this context, the associated risks relate primarily to the tax treatment or assessment of intra-group business activities and transactions by the respective tax authorities and the various tax laws – including changes thereto – in the individual jurisdictions. Therefore, any estimation as to whether or to what extent individual circumstances and business transactions may result in tax back payments in the context of current or future tax assessments or audits is associated with considerable levels of uncertainty. Given this significant level of uncertainty regarding the use of estimates, the consideration of such tax-related risks when determining tax expense for the tax group and when recognizing and measuring provisions in respect of tax-specific obligations of Group entities beyond the tax group requires a considerable degree of judgment on the part of Diebold Nixdorf. This is associated with corresponding risks.

OUR AUDIT APPROACH

We worked in close collaboration with our tax experts during the audit in order to review the judgment exercised by the Company when selecting the method for recognition and measurement of tax expense for profit/loss relating to entities from the German tax group in relation to IFRS requirements. This covered various aspects relating to the matter of recognition of current and deferred taxes, the consideration of additional or less tax not attributable to the accounting period, and the consideration of losses. Owing to the absence of explicit statutory provisions in IFRS, the assessment was conducted on the basis of the Conceptual Framework of IFRS as well as with due regard to experience-based opinions formulated in specialist literature published by the audit firm or other sources.

Additionally, we consulted with our tax experts for the purpose of ascertaining whether the judgment exercised by the Company is appropriate as regards the consideration of tax-related risks. As part of this assessment, our specialists reviewed the assumptions applied when determining tax expense for the domestic tax group and those relating to the recognition and measurement of tax provisions for entities not belonging to the tax group. In doing so, they drew on their knowledge and experience relating to the current application of relevant statutory regulations by the tax authorities and by judicial bodies, in addition to studying pertinent correspondence with the respective tax authorities. Where required, we also involved tax experts working within our international network, who evaluated individual facts and circumstances on the basis of their knowledge of the respective local regulations and statutory provisions.

OUR CONCLUSIONS

The economic/commercial perspective, i.e., substance over form, chosen by Diebold Nixdorf and the thus resulting inclusion of tax expense from the domestic tax group in the consolidated financial statements in the absence of discrete/separate tax liability is appropriate.

The exercise of judgment by Diebold Nixdorf regarding the consideration of tax-related risks when determining tax expense for the domestic tax group as well as in respect of the recognition and measurement of provisions for tax-specific obligations relating to entities beyond the tax group is appropriate.

Responsibilities of the Management Board and Supervisory Board for the consolidated financial statements and the Group management report

The Management Board of Diebold Nixdorf AG is responsible for the preparation of the consolidated financial statements which, in all material respects, comply with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a (1) HGB (old version), and that the consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. Furthermore, the Management Board is responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. Furthermore, the Management Board is responsible for disclosing, as applicable, matters related to the going concern. In addition, the Management Board is responsible for using the going concern basis of accounting unless the intention is to liquidate the Group or to cease operations, or there is no realistic alternative to do so.

Moreover, the Management Board is responsible for preparing the Group management report, which as a whole provides a suitable view of the Group's position, and, in all material respects, is consistent with the consolidated financial statements, complies with German statutory requirements, and suitably presents the opportunities and risks of future development. Furthermore, the Management Board is responsible for such arrangements and measures (systems) as they determine are necessary to enable the preparation of the Group management report in compliance with the applicable requirements of German commercial law and for providing sufficient and appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the Group management report as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements and our audit findings, complies with German statutory requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our opinion on the consolidated financial statements and the Group management report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, as well as in compliance with the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW), will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

As part of our audit we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements, and of the arrangements and measures relevant to the audit of the Group management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and Group management report or, if such disclosures are inadequate, to modify our particular opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a (1) HGB (old version).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

- Evaluate consistency of the Group management report with the consolidated financial statements, its legal compliance, and presentation of the Group's position.
- Perform audit procedures on the prospective information presented by the Management Board in the Group management report. Based on sufficient and appropriate audit evidence, we hereby in particular trace the significant assumptions used by the Management Board as a basis for the prospective information and assess the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information as well as the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.
- We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards.
- From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other disclosures pursuant to Article 10 of the EU Audit Regulation

We were appointed as Group auditors at the shareholders' meeting held on January 23, 2017. We were appointed by the Supervisory Board on October 9, 2017. We have been engaged as Group auditors of Diebold Nixdorf AG uninterruptedly since the *2003/2004* financial year. We declare that the audit opinion in this auditor's report is consistent with the additional report to the audit committee referred to in Article 11 of the EU Audit Regulation (audit report).

Statutory auditor responsible for the engagement

The auditor responsible for the engagement is Carsten Nölgen.

Bielefeld, den 20. Dezember 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer	Nölgen
Wirtschaftsprüfer	Wirtschaftsprüfer

SUPERVISORY BOARD REPORT.

Ladies and Gentlemen:

Against the backdrop of challenging market conditions, fiscal 2016/2017 was dominated by continuing integration efforts at Diebold Nixdorf AG. Ultimately, the Company fell short of its top-line targets, with net sales declining year on year. However, the bottom line – in the form of operating profit – developed well in the period under review, which was due in part to integration activities and synergies.

From a long-term perspective, one of the defining aspects of the financial year just ended is that efforts to integrate Diebold Nixdorf AG into Diebold Nixdorf Inc., the new Group formed through acquisition and business combination, reached full velocity. One of the milestones was the control (also referred to as "domination") and profit transfer agreement that came into effect in February 2017, having been approved by the Extraordinary General Meeting towards the end of the previous financial year.

As soon as the agreement came into force, for example, it was possible for the newly constituted combined entity to bring together, in a legally binding form, its activities in the respective countries. As regards the scope of consolidation of Diebold Nixdorf AG, this resulted in the removal of some entities as well as the addition of others. The associated effects of disposal and consolidation have made comparability increasingly difficult with regard to Diebold Nixdorf AG in its current form versus the entity prior to the various measures implemented as part of the business combination.

While the merging of operational units was evidence of progress made at a structural level of integration, the DN2020 program of transformation and integration initiated by the parent company represents the organizational and dynamic element of activities aimed at bringing the businesses together within a combined entity. Spearheaded for the purpose of covering all areas and functions of the integrated Group, DN2020 was therefore also applied to all units and functions attributable to Diebold Nixdorf AG. These measures helped to establish a consistent face to the market for the Group, in addition to streamlining redundant functions. This, in turn, had a positive impact on the bottom-line results of Diebold Nixdorf AG in the financial year under review.

The work of the Supervisory Board. In the fiscal year under review the Supervisory Board of Diebold Nixdorf AG discharged its duties in accordance with statutory requirements, the German Corporate Governance Code, and the Company's Articles of Association. First and foremost, this task involved advising and monitoring the Board of Directors on a regular basis with regard to the strategic positioning and management of the Company. This collaboration was characterized by the fact that all decisions of fundamental importance to Diebold Nixdorf AG and its Group companies were agreed directly with the Supervisory Board. Receiving comprehensive information on a regular and timely basis in the form of verbal and written reports, the Supervisory Board was instructed by the Board of Directors on all material issues relating to the corporate planning, strategic direction and development, business performance, and state of the Group, including risks and risk management. All business matters of importance to the Company were discussed by the Supervisory Board on the basis of reports furnished by the Board of Directors.

The Supervisory Board held a total of eight meetings in fiscal 2016/2017, on November 11 and November 23, 2016, as well as on January 23, February 15, March 30, April 26, May 16, and August 16, 2017. During these meetings, the Board of Directors informed the Supervisory Board about the Company's situation and performance.

The eight meetings held by the Supervisory Board were attended by all twelve Supervisory Board members, i.e., attendance was 100%. All meetings were attended by representatives of the Board of Directors. At the aforementioned meetings, all necessary resolutions were passed on the basis of documentation prepared in advance. Between each meeting convened by the Supervisory Board, the Board of Directors informed the Supervisory Board promptly and comprehensively about the current state of business as well as important events and decisions of particular significance in assessing the position and performance as well as the overall management of the Company.

Key areas of deliberation by the Supervisory Board. At its individual meetings, the Supervisory Board regularly examined the business, net sales, and earnings performance of the Group and its segments, as well as their cash flows and strategic focus.

In the context of discussions with Mr. Eckard Heidloff regarding his possible resignation as President & CEO and member of the Board of Directors of Diebold Nixdorf AG, the Supervisory Board meeting of February 15, 2017, focused on the approval of a termination and settlement agreement for this purpose. Subject to the condition precedent of Mr. Heidloff stepping down from his post, at the same time the reconstitution of the Board of Directors was approved effective from April 1, 2017, including the appointment of Dr. Jürgen Wunram as the new President & CEO and the appointment of former Supervisory Board member Christopher A. Chapman as the new Chief Financial Officer following his resignation from the Supervisory Board. At the meeting of March 30, 2017, the Supervisory Board approved the conclusion of an employment contract with Mr. Chapman in respect of his appointment to the Board of Directors, in addition to approving amendments to the contracts with the other members of the Board of Directors. The Supervisory Board also discussed an application for a court appointment of Mr. Stefan Merz as Supervisory Board member pursuant to Section 104 (1) sentence 1 of the German Stock Corporation Act (Aktiengesetz – AktG) in view of the resignation of Mr. Chapman from the Supervisory Board.

At the Supervisory Board meeting of April 26, 2017, upon entry into force of the control (also referred to as "domination") and profit transfer agreement, the Supervisory Board discussed plans relating to the amalgamation of foreign entities in those countries in which the enterprises of both the former Wincor Nixdorf Group and the Diebold Group were operating in parallel. In particular, the Supervisory Board focused on the aspect of compliance with provisions set out in the German Stock Corporation Act regarding the protection of non-controlling interests. During this and subsequent Supervisory Board meetings, the Supervisory Board gave its approval to planned integration measures and those already implemented with regard to the Diebold Nixdorf business combination.

Committee work. The Supervisory Board is supported in its duties by four committees established by this body. These committees are responsible for preparing the ground for Supervisory Board resolutions and examining issues subsequently to be addressed in plenary sessions. Furthermore, the Supervisory Board has delegated decision-making authority to the committees within specific areas.

With the exception of the Audit Committee, which is chaired by Supervisory Board member Dr. Dieter Düsedau, the committees are presided over by the Chairman of the Supervisory Board.

The Audit Committee convened on four occasions during the fiscal year under review. The main focus of its work was on examining the annual accounts and consolidated financial statements of Diebold Nixdorf AG. Other issues addressed were the Company's risk report and risk management policy, reporting by Internal Audit, and the status and further expansion of the Compliance Management System. Furthermore, the Audit Committee issued a pre-approval policy for non-audit services provided by the statutory auditor in order to rule out any potential threat to the independence of the auditor for the separate and consolidated financial statements.

Upon entry into force of the control (also referred to as "domination") and profit transfer agreement, the Personnel Committee met on two occasions, namely on February 15 and on March 30, 2017. The focus of these meetings was on making preparations for the possible resignation of Mr. Eckard Heidloff as President & CEO and member of the Board of Directors, discussing the new composition of the Board of Directors, amending the contracts of members of the Board of Directors, and adjusting the structure of compensation.

The Nominations Committee convened on February 15, 2017, in order to pre-discuss – based on objectives adopted by the Supervisory Board in respect of its composition – the selection criteria for the proposal to be submitted by the Supervisory Board regarding the judicial appointment of Mr. Stefan Merz as a potential successor to Supervisory Board member Christopher A. Chapman, who was possibly transferring to the Board of Directors effective from April 1, 2017.

The Mediation Committee did not have to be convened during the fiscal year just ended.

Corporate governance and declaration of conformity. In accordance with Section 3.10 of the German Corporate Governance Code, a separate report has been compiled in which the Board of Directors – also on behalf of the Supervisory Board – outlines details relating to corporate governance; this report has been published on the Company's website. On November 20, 2017, the Board of Directors and the Supervisory Board issued an updated Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) and made the declaration, along with details of non-compliance, permanently available to shareholders on the Company website.

Approval of the annual accounts and adoption of the Group financial statements. On January 23, 2017, the Annual General Meeting appointed the accountancy firm KPMG AG Wirtschaftsprüfungsgesellschaft, Bielefeld, as auditor of the accounts. The Group financial statements for the fiscal year 2016/2017, prepared in accordance with IFRS under the provisions of Section 315 a of the German Commercial Code (Handelsgesetzbuch – HGB), including a Group management report, have been audited by KPMG and given an unqualified audit opinion. This also applies to the separate annual accounts and management report of Diebold Nixdorf AG for the fiscal year 2016/2017, which were prepared on the basis of German accounting regulations.

The documentation pertaining to the financial statements and the auditor's reports were submitted to the Audit Committee and the Supervisory Board in good time prior to the meeting. The information was examined in detail by the Audit Committee and subsequently by the full Supervisory Board, and discussed in the presence of the auditor, who was on hand to take questions and provide further information. Following its own examination of the Group financial statements and the Group management report, as well as the separate annual accounts and management report of Diebold Nixdorf AG, the Supervisory Board took the view that no objections were required. Consequently, at its meeting on December 20, 2017, in line with the recommendation of its Audit Committee, the

Supervisory Board concurred with the result of the audit and approved the financial statements and management reports drawn up by the Board of Directors. The annual financial statements of Diebold Nixdorf AG were thus formally adopted.

Additionally, the Supervisory Board determined May 17, 2018, as the date for the Company's Annual General Meeting covering the 2016/2017 financial year as well as the abridged financial year from October to December 2017 and approved this Supervisory Board report.

Composition of the Supervisory Board. In accordance with Section 7 of the Company's Articles of Association, the Supervisory Board consists of six shareholder representatives and six employee representatives. No conflicts of interest occurred within the Supervisory Board during the period under review. The terms of office of the Supervisory Board members Elizabeth C. Radigan and Andreas W. Mattes, who were newly elected by the Extraordinary General Meeting of September 26, 2016, are scheduled to end as of the Company's Annual General Meeting responsible for approving the actions of the members of the Supervisory Board for fiscal 2020. The terms of office of the six employee representatives and of Dr. Julia Barth, as well as the term of office of the signatory of this document, are due to expire at the end of the Annual General Meeting responsible for adopting a motion on the approval of their actions for fiscal 2019. The term of office of Dr. Dieter Düsedau and the term of office of Mr. Stefan Merz, who was appointed by the court on April 25, 2017, is due to end at the General Meeting responsible for resolving a motion on the approval of actions for the abridged 2017 financial year.

The Supervisory Board is well aware of the fact that challenging market conditions combined with ongoing integration efforts within the newly combined company have called for tremendous commitment and a willingness to embrace change on the part of all employees at Diebold Nixdorf AG. The Supervisory Board would like to thank the Board of Directors as well as the Company's employees and staff representatives for their contribution and, at the same time, wishes continued success in the interest of the combined company and Diebold Nixdorf AG.

Paderborn, December 20, 2017

Dr. Alexander Dibelius
Chairman of the Supervisory Board

Convenience translation. The German version prevails.

Declaration by the Management Board and Supervisory Board of Diebold Nixdorf Aktiengesellschaft on the recommendations of the "Government Commission on the German Corporate Governance Code"

In accordance with Section 161 AktG (German Stock Corporation Act), the Board of Directors and the Supervisory Board of Diebold Nixdorf AG issue the following declaration of compliance:

Since its last declaration of compliance on November 23, 2016 and its updated declarations on February 15, 2017 and March 30, 2017, Diebold Nixdorf Aktiengesellschaft has complied with the recommendations of the Code of the Government Commission on German Corporate Governance, in the version dated May 5, 2015 (published in the Federal Gazette on June 12, 2015 and with the recommendations of the revised version of the Code, which came into force on February 7, 2017 (published in the Federal Gazette on April 24, 2017), and will, in future, comply with the seven exceptions detailed below:

1. The D&O insurance policy agreed by Diebold Nixdorf Aktiengesellschaft does not feature a policy deductible for the Supervisory Board (Section 3.8 Paragraph 3 GCGC).

   Reasons: The D&O insurance policy agreed by Diebold Nixdorf Aktiengesellschaft does not feature a policy deductible for the Supervisory Board, in particular no such deductible of at least 10% of the damage up to at least one and a half times the fixed annual remuneration. The D&O insurance policy was taken out for a significant number of management staff across the entire Diebold Nixdorf Group, at home and abroad, including members of the Company's boards. When the policy agreement was signed, it did not appear proper to differentiate between Board members and other management staff; equally there was no legal requirement to do so. Effective from July 1, 2010, only insurance policies for members of the Board of Directors were to be amended pursuant to Section 93 (2) Sentence 3 AktG (German Stock Corporation Act) in conjunction with Section 23 (1) Sentence 1 EGAktG (Introductory Act to the Stock Corporation Act). There is no stipulation in the legislation (Section 116 Sentence 1 AktG) of a mandatory policy deductible for the Supervisory Board; indeed, the Supervisory Board is specifically exempted from such a mandatory policy deductible. Given the nature of the role of the Supervisory Board, which is also evident from that Board's different remuneration structure, this distinction in the treatment of the Board of Directors and the Supervisory Board appears commensurate, especially since the insurance policies have not been changed for other senior managers. Consequently, it does not appear proper to extend the policy deductible in the D&O insurance policy held by Diebold Nixdorf Aktiengesellschaft to members of the Supervisory Board.

2. The amount of compensation of the members of the Management Board is with respect to its longterm variable compensation components and therefore overall not capped (Section 4.2.3 Paragraph 2 Sentence 6 GCGC).

   Reasons: In the course of the conversion and adaption of the long-term variable remuneration system, the Members of the Management Board now receive a stock based remuneration component under the Diebold Nixdorf, Incorporated long-term-incentive program. While the amount of shares potentially to be granted is restricted, a further limitation with regard to the share price of the shares in Diebold Nixdorf, Incorporated does not exist. A reduction of the stock based remuneration component in the event of a particular increase in the stock price does not seem appropriate since this would reduce the synchronization of the interests of the Management Board Members and the shareholders.

3. A retroactive change of the performance targets or the comparison parameters is not excluded (Section 4.2.3 Paragraph 2 Sentence 8 GCGC).

   Reasons: Following the registration of the domination and profit and loss transfer agreement with the Diebold Holding Germany Inc. & Co. KGaA, the Supervisory Board decided to offer the Members of the Management Board to exchange their outstanding stock options under the stock option program of Diebold Nixdorf Aktiengesellschaft for a long-term incentive remuneration component relating to Diebold Nixdorf, Incorporated stock price. This offer was granted to incentivise the Members of the Management Board in order to achieve a sustainable success of the group enterprises as well as in light of the registration of the profit and loss transfer agreement and potential speculations with Diebold Nixdorf Aktiengesellschaft shares that cause the share price to not any more appropriately reflect the business operations of the company.

4. Payments made to a Management Board member on premature termination of his/her contract can in particular case compensate more than the remaining term of the employment contract (Section 4.2.3 Paragraph 4 sentence 1 GCGK).

Reasons: In light of the conversion of the remuneration program, certain members of the Management Board will be included in the Diebold Nixdorf, Incorporated severance program *("Severance Plan").* Since US-American companies do usually not enter into temporary contracts with their executives which could have a remainder of a term, potential severance payments relate to fixed parameters considering the mutually agreed remuneration. In no event, however, severance payments will exceed two times total compensation.

5. A profile of skills and expertise for the entire Supervisory Board has not been prepared (Section 5.4.1 Paragraph 2 Sentence 1 GCGK).

   Reasons: In light of the shareholder structure of the company and the fact that in the opinion of the Supervisory Board its members collectively already have all the skills and expertise required, no profile of skills and expertise shall be prepared.

6. In setting the level of remuneration paid to members of the Supervisory Board, no account is taken of chairmanship of any committee other than the Audit Committee, or of membership of any of the Supervisory Board committees (Section 5.4.6 Paragraph 1 Sentence 2 GCGC).

   Reasons: Remuneration for mere membership of a committee is deemed unnecessary. As regards the activities of the Supervisory Board, practice has shown that the vast majority of committee meetings are scheduled to coincide closely with meetings of the Supervisory Board itself. Chairmanship of the Audit Committee is remunerated separately due to the additional time and effort required by the role.

7. Interim reports respectively mandatory interim financial information are not publicly accessible within 45 days of the end of the reporting period (Section 7.1.2 Sentence 3 GCGC).

   Reasons: Diebold Nixdorf Aktiengesellschaft did not publish its interim reports respectively mandatory interim financial information within 45 days of the end of the individual reporting period. This in particular results from the requirement to establish additional sets of financial figures in accordance with US-American accounting standards (US-GAAP) for group reporting purposes of Diebold Nixdorf, Incorporated due to the completed business combination.

Paderborn, December 20, 2017

Diebold Nixdorf Aktiengesellschaft

On behalf of the Supervisory Board	On behalf of the Management Board
signed	signed
Dr. Alexander Dibelius	Dr. Jürgen Wunram
Chairman	Chairman