

Diebold Nixdorf AG
Half-Year Interim Report 2016/2017

October 1, 2016 to March 31, 2017

Key Figures 2016 / 2017

Statement of Income (€millions)	2.Q			6 months		
	2.Q 2016/2017 ¹	2.Q 2015/2016 ²	Change	6 months 2016/2017 ³	6 months 2015/2016 ⁴	Change
Net sales	605	582	4%	1,225	1,309	-6%
of which Banking	341	342	0%	711	778	-9%
of which Retail	264	240	10%	514	531	-3%
Gross profit without restructuring expenses*	141	148	-5%	289	321	-10%
Gross profit as a percentage of net sales	23.3%	25.4%	-	23.6%	24.5%	-
Research & development expenses without restructuring expenses*	-23	-24	-4%	-45	-47	-4%
R&D expenses as a percentage of net sales	3.8%	4.1%	-	3.7%	3.6%	-
Selling, general and administration expenses⁵ without restructuring expenses*	-81	-82	-1%	-158	-166	-5%
SG&A expenses as a percentage of net sales	13.4%	14.1%	-	12.9%	12.7%	-
Operating profit (EBITA)⁶ without restructuring expenses*	37	42	-12%	86	108	-20%
EBITA as a percentage of net sales (EBITA margin)	6.1%	7.2%	-	7.0%	8.3%	-
of which Banking	22	27	-19%	56	76	-26%
as a percentage of net sales Banking	6.5%	7.9%	-	7.9%	9.8%	-
of which Retail	15	15	0%	30	32	-6%
as a percentage of net sales Retail	5.7%	6.3%	-	5.8%	6.0%	-
Restructuring expenses*	-10	7	-	-10	-5	-
Operating profit (EBITA)⁶ incl. restructuring expenses*	27	49	-	76	103	-26%
EBITA as a percentage of net sales (EBITA margin)	4.5%	8.4%	-	6.2%	7.9%	-
Amortization/depreciation of intangible and tangible assets and write-down of reworkable service parts	14	15	-7%	28	29	-3%
EBITDA	41	64	-	104	132	-21%
EBITDA as a percentage of net sales (EBITDA margin)	6.8%	11.0%	-	8.5%	10.1%	-
Transaction expenses**	-19	-12	-	-22	-12	-
Operating profit (EBITA)⁶ incl. restructuring expenses* and transaction expenses	8	37	-	54	91	-41%
EBITA as a percentage of net sales (EBITA margin)	1.3%	6.4%	-	4.4%	7.0%	-
Profit for the period	5	25	-80%	37	63	-41%
Profit for the period as a percentage of net sales	0.8%	4.3%	-	3.0%	4.8%	-
Cash flow (€millions)						
Cash flow from operating activities				101	106	-5%
				31/03/17	30/09/16	Change
Key Balance Sheet Figures (€millions)						
Working capital				251	304	-53
as a percentage of net sales (annualized)				10.2%	11.8%	-
Net debt ⁷				-128	-7	-121
Equity ⁸				442	441	1
Human Resources						
Number of employees				8 963	9 080	-117

1) January 01, 2017 - March 31, 2017.

2) January 01, 2016 - March 31, 2016.

3) October 01, 2016 - March 31, 2017.

4) October 01, 2015 - March 31, 2016.

5) Including other operating result as well as result from equity accounted investments.

6) Net profit on operating activities before interest, taxes and amortization of goodwill.

7) Including financing Diebold Nixdorf Inc. March 31, 2017: 27 Mio € (Sept. 30, 2016: 51 Mio €)

8) Including non-controlling interests.

* Restructuring expenses FY 16/17 relating to the business combination with Diebold Nixdorf, Inc.;

Restructuring expenses FY 15/16 one-time effects attributable to the Delta program

** Transaction expenses relating to the business combination with Diebold Nixdorf, Inc.

Key Events

The shareholders of Diebold Nixdorf Aktiengesellschaft (in the following “Diebold Nixdorf AG”), Paderborn, approved with clear majorities all items on the agenda of the Annual General Meeting convened on January 23, 2017. For fiscal 2015/2016 shareholders in the company received a dividend of €1.71 per share. The total dividend payout amounted to €51 million.

On February 14, 2017, the domination and profit or loss transfer agreement (DPLTA) came into force between the wholly-owned subsidiary of Diebold Nixdorf, Incorporated (in the following “Diebold Nixdorf Inc.”), Diebold Holding Germany Inc. & Co. KGaA (Diebold KGaA), and Diebold Nixdorf AG upon entry in the Commercial Register at the District Court of Paderborn (Germany). With the effectiveness of the DPLTA, Diebold Nixdorf, Inc., can now pursue the further integration of Diebold Nixdorf AG in accordance with statutory provisions set out in German legislation.

After the legal prerequisites for entry of the domination and profit or loss transfer agreement in the Commercial Register had been met and said entry had been completed on February 14, 2017, CEO & President of Diebold Nixdorf AG, Eckard Heidloff, reached an agreement with the Supervisory Board on February 16, 2017, to terminate his contract with Diebold Nixdorf AG effective March 31, 2017. Thus, six months on from the business combination with U.S. company Diebold, Heidloff also resigned from his post as President of the newly formed entity Diebold Nixdorf.

The Supervisory Board appointed former Deputy CEO and Chief Financial Officer Dr. Jürgen Wunram as Eckard Heidloff's successor effective from April 1, 2017. As regards the combined entity Diebold Nixdorf, Jürgen Wunram – alongside CEO Andy Mattes – also holds a seat on the Board of Directors of Diebold Nixdorf Inc. in his capacity as Senior Vice President and Chief Operating Officer. Christopher A. Chapman succeeded Jürgen Wunram as Chief Financial Officer. Effective from April 1, 2017, Christopher A. Chapman will perform these duties alongside his responsibilities as CFO at Diebold Nixdorf Inc. With this in mind, he stepped down from his post as a member of the Supervisory Board of Diebold Nixdorf AG.

Effective from April 1, 2017, former Senior Vice President Human Resources at Diebold Nixdorf AG, Rainer Pfeil, was appointed as the successor to Eckard Heidloff in the role of Labour Director. In addition, the Executive Board members Alan Kerr and Stefan Merz, who had been appointed on October 1, 2016, stepped down from their posts effective from March 31, 2017. The Executive Board of Diebold Nixdorf AG, which also includes Olaf Heyden and Dr. Ulrich Näher, will be composed of five members.

In mid-March, the United Kingdom Competition and Markets Authority (CMA) published the findings of its inquiry with regard to the business combination of Diebold and Wincor Nixdorf. The CMA is of the opinion that structural measures are essential. In order to meet the requirements of the CMA, Diebold Nixdorf Inc. plans to dispose of Diebold's former business operations in the United Kingdom. The company is confident that all requirements stipulated by the CMA will be met as soon as possible, thus paving the way for operations to also commence in the United Kingdom under the new Diebold Nixdorf brand.

Group Interim Management Report

Business Environment

Global economy. The International Monetary Fund (IMF) left its forecast for the global economy largely unchanged in its outlook issued in January 2017. On publishing its report, however, the IMF made a point of highlighting the significant uncertainties associated with the economic policies of the future U.S. administration. The world economy is expected to expand by 3.4 percent in the current year, which contrasts with growth of 3.1 percent in 2016. According to the IMF, this forward momentum is likely to be driven by the United States and China.

Developments in the retail banking and retail industries. Market analysts point to growing global demand for information technology in the banking and retail industries. In their view, business relating to software, professional services, and outsourcing is likely to produce more buoyant growth than that in the field of hardware.

Performance, Financial Position, and Assets

Performance

Net sales. The Diebold Nixdorf AG Group saw net sales fall by 6% to €1,225 million in the first half of fiscal 2016/2017 (6 months 2015/2016 [referred to hereafter as "previous year"]: €1,309 million). In the second quarter, net sales for the Group stood at €605 million (previous year Q2: €582 million). This represents an increase of 4%.

Performance by business stream. In the first half of the fiscal year, net sales attributable to the Hardware business fell by 8% year on year to €533 million (previous year: €578 million). In the Software/Services business, net sales declined by 5% to €692 million (previous year: €731 million). The share of total net sales generated by the Hardware business remained unchanged at 44% in the period under review (previous year: 44%). Correspondingly, the proportion of total net sales from Software/Services was stable at 56% (previous year: 56%).

Regional performance. In Germany, net sales for the first six months rose by 5% to €297 million (previous year: €282 million), thus accounting for 24% (previous year: 22%) of the Group's total net sales in the reporting period. In the second quarter, net sales in Germany stood at €141 million (previous year Q2: €127 million), which corresponds to growth of 11%.

At €625 million (previous year: €613 million), Europe (excluding Germany) saw a year-on-year increase in net sales of 2% in the first half of the current fiscal year. This region contributed the largest part of total net sales for the Group at 51% (previous year: 47%). In the second quarter of the fiscal year, net sales in Europe (excluding Germany) were up 12% at €310 million (previous year Q2: €278 million).

Asia/Pacific/Africa saw net sales fall to €191 million in the first six months of the current fiscal year (previous year: €239 million). This corresponds to a 20% reduction when compared with the prior-year figure. Thus, the Asia/Pacific/Africa region contributed a share of 16% (previous year: 18%) to total net sales for the Group. In the second quarter of the fiscal year, net sales in the Asia/Pacific/Africa region fell by 8% to €95 million (previous year Q2: €103 million).

As a region, the Americas recorded a year-on-year contraction in net sales by 36% to €112 million (previous year: €175 million). Thus, the proportion of Group net sales generated in the Americas was 9% (previous year: 13%). In the second quarter of the fiscal year, the Americas saw net sales fall by 20% to €59 million (previous year Q2: €74 million).

Costs

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

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 but with regard to the integration with Diebold Nixdorf, Inc..

Transaction expenses encompass personnel-related expenses as well as consulting and other fees with regard to the Business combination Diebold Nixdorf, Inc..

Reconciliation EBITA* 6 months 2016/2017

€m

	before restructuring effects	expenses from restructuring effects	after restructuring effects
Net sales	1,225		1,225
Cost of sales	-936	-1	-937
Gross profit	289	-1	288
Research and development expenses	-45		-45
Selling, general and administration expenses	-158	-9	-167
EBITA*	86	-10	76

* before transaction expenses of €22 million (previous year: €12 million) in the current fiscal year with regard to the business combination with Diebold Nixdorf, Inc.

Gross profit on net sales (including restructuring expense) for the period was €288 million; expenses attributable to restructuring amounted to €1 million. After restructuring expense, the gross margin on net sales in the first half of the fiscal year remained largely unchanged year on year at 23.5% (previous year: 23.6%). The gross margin before restructuring expense stood at 23.6% (previous year: 24.5%), equivalent to a reduction by 0.9 percentage points.

Research and development costs, which contained no restructuring expense in the first six months of the fiscal year, amounted to €45 million (previous year: €47 million); this corresponds to a decline of €2 million or 4%. The R&D ratio stood at 3.7% (previous year: 3.6%). Including restructuring expense, the Group's 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 €167 million; this figure contains expenses of €9 million from restructuring. The total figure for selling, general, and administration expenses before restructuring expense stood at €158 million (previous year: €166 million), a reduction of €8 million or 5%. As a percentage of total net sales, the selling, general, and administration expense ratio before restructuring expense stood at 12.9% (previous year: 12.7%).

Reconciliation of Result from Business Operations (EBITDA*)

€m

	6 months 2016/2017	6 months 2015/2016
Profit for the period	37	63
+ Income taxes	16	26
+ Financial result (finance costs - finance income)	1	2
Transaction expenses relating to the business + combination with Diebold Nixdorf Inc.	22	12
EBITA after restructuring effects	76	103
+ Amortization/depreciation of intangible assets and property, plant and equipment	25	26
+ Write-down of reworkable service parts	3	3
EBITDA*	104	132

* before transaction expenses of €22 million (previous year: €12 million) in the current fiscal year with regard to the business combination with Diebold Nixdorf, Inc.

Including expenses from restructuring, operating profit (EBITA) reached €76 million (previous year: €103 million) in the first half of the fiscal year. This figure contains expenses of €10 million linked to restructuring. Correspondingly, EBITA excluding expenses from restructuring fell by 20% to €86 million (previous year: €108 million). The EBITA margin before expenses from restructuring was 1.3 percentage points lower at 7.0% (previous year: 8.3%). In the first six months of the fiscal year, Diebold Nixdorf AG's profit for the period after restructuring expense and transaction expense relating to the business combination with Diebold Inc. stood at €37 million (previous year: €63 million).

Financial Position

Cash flow

€m

	6 months 2016/2017	6 months 2015/2016
Cash flow from operating activities	101	106
Cash flow from investment activities	-26	-25
Cash flow from financing activities	-22	-11
Net change in cash and cash equivalents	53	70
Cash and cash equivalents at the end of the period	128	17

In the first half of fiscal 2016/2017, cash flow from operating activities totaled €101 million, down €5 million on the figure for the same period a year ago (previous year: €106 million).

As the basis for operating cash flow calculations, EBITDA (after restructuring and integration expense in connection with the Diebold Inc. business combination) was substantially lower year on year at €82 million (previous year: €120 million). Income tax payments reduced cash by €13 million (previous year: €20 million). The reduction in working capital resulted in a cash inflow of €55 million (previous year: €63 million).

million, adjusted for the effects of acquisitions). Together, the change in other assets and other liabilities as well as the change in provisions and other non-cash items produced a cash outflow of €20 million (previous year: cash outflow of €55 million).

At €26 million, net cash used in investing activities over the reporting period was largely unchanged year on year (previous year: €25 million). The main focus of investing activities was on other fixed assets and office equipment as well as reworkable service parts.

Net cash used in financing activities amounted to €22 million (previous year: €11 million). In this context, the dividend payment of €51 million (previous year: €0 million) as well as the repayment of €65 million (previous year: €10 million) in respect of a loan granted by the European Investment Bank led to a cash outflow of €116 million in total (previous year: €10 million). Refinancing occurred through a revolving credit line provided by Diebold Self-Service Solutions S.A.R.L., which produced a cash inflow of €96 million in the period under review (previous year: €0 million).

Assets

	€m	
	Mar. 31, 2017	Sept. 30, 2016
Assets		
Non-current assets	597	601
Current assets	1,081	1,074
Total assets	1,678	1,675
Equity and Liabilities		
Equity (incl. non-controlling interests)	442	441
Non-current liabilities	225	237
Current liabilities	1,011	997
Total equity and liabilities	1,678	1,675

After the first six months of fiscal 2016/2017, total assets stood at €1,678 million, which was comparable to the figure posted on September 30, 2016 (€1,675 million).

Compared with the figure recorded on September 30, 2016, non-current assets fell by €4 million to €597 million (September 30, 2016: €601 million). In total, current assets rose slightly by €7 million to €1,081 million as of March 31, 2017 (Sept. 30, 2016: €1,074 million). This figure includes cash and cash equivalents, which increased sharply by €46 million to €131 million (Sept. 30, 2016: €85 million). By contrast, inventories fell by €21 million to €319 million in total, while current receivables and other assets declined by €18 million to €631 million.

At €442 million, equity remained largely unchanged compared to the end of the last fiscal year (Sept. 30, 2016: €441 million).

At the end of the second quarter, non-current liabilities were down by €12 million at €225 million, which compares with a figure of €237 million as of September 30, 2016. This reduction is attributable primarily to a decline in pension and other provisions by €14 million.

Rising by €14 million, current liabilities were up slightly in the period under review at €1,011 million (Sept. 30, 2016: €997 million). Within current liabilities, other provisions were down slightly by €11 million, taking the figure to €165 million (Sept. 30, 2016: €176 million). Additionally, financial liabilities were scaled back by €73 million to €3 million. This was attributable mainly to the repayment of a loan granted by the European Investment Bank. This coincided with refinancing measures, as a result of which current financial liabilities towards affiliated companies rose to €104 million (Sept. 30, 2016: €0 millions). Additionally, other current liabilities rose by €41 million to €353 million due to deferrals associated with servicing revenue (Sept. 30, 2016: €312 million). Contrary to this development, trade payables fell by €64 million, down from €344 million to €280 million.

Segment Reporting

Segment performance. The Banking segment saw net sales fall by 9% to €711 million in the first six months of the fiscal year (previous year: €778 million). Including restructuring expense, Banking segment EBITA for the first six months of the fiscal year reached €50 million; this figure contains €6 million in expenses from restructuring (previous year: €7 million one-time effects). Excluding expenses from restructuring, Banking segment EBITA fell by €20 million to €56 million (previous year: €76 million), a decrease of 26%.

Key Performance Indicators: Banking Segment

€m

	6 months 2016/2017	6 months 2015/2016	Change
Net sales	711	778	-9%
EBITA after restructuring effects*	50	69	-28%
EBITA margin (%)	7.0	8.9	-1.9
EBITA before restructuring effects*	56	76	-26%
EBITA margin (%)	7.9	9.8	-1.9

* before transaction expense of €14 million (previous year: €7 million) with regard to the business combination with Diebold Nixdorf, Inc.

Net sales generated in the Retail segment declined by 3% in the first half of the fiscal year, taking the figure to €514 million (previous year: €531 million). Including restructuring expense of €4 million, EBITA for the Retail segment stood at €26 million. Excluding restructuring expense, Retail segment EBITA was down by €2 million year on year at €30 million (previous year: €32 million). This corresponds to a decline of 6% in the Retail segment.

Key Performance Indicators: Retail Segment

€m

	6 months 2016/2017	6 months 2015/2016	Change
Net sales	514	531	-3%
EBITA after restructuring effects*	26	34	-24%
EBITA margin (%)	5.1	6.4	-1.3
EBITA before restructuring effects*	30	32	-6%
EBITA margin (%)	5.8	6.0	-0.2

* before transaction expense of €3 million (previous year: €5 million) with regard to the business combination with Diebold Nixdorf, Inc.

Employees

From September 30, 2016, up to and including March 31, 2017, the headcount for the Group fell by 117 to 8 963 (Sept. 30, 2016: 9 080).

Mandates of the Board of Directors of Diebold Nixdorf AG

Eckard Heidloff, CEO & President and Human Resources Director of Diebold Nixdorf AG has left the Company effective from March 31, 2017. Dr. Jürgen Wunram, who most recently held the post of Deputy CEO and Chief Financial Officer, has been appointed as the new CEO & President effective from April 1, 2017. The role of Chief Financial Officer was transferred to Christopher A. Chapman as from April 1, 2017. Rainer Pfeil, former Senior Vice President Human Resources, has been appointed as Labour Director. The Executive Board members Alan Kerr and Stefan Merz also stepped down from their posts effective from March 31, 2017, as a result of which the Executive Board of Diebold Nixdorf AG will now consist of five members.

Report on Significant Related-Party Transactions

There were no significant transactions with related parties during the period under review.

Report on Opportunities and Risks

In the period under review, there were no significant changes to the principal opportunities and risks described in the 2015/2016 Group management report that might have a major impact on the expected development of the Group in the remaining months of the current fiscal year.

With the effectiveness of the DPLTA, Diebold Nixdorf, Inc., can now pursue the further integration of Diebold Nixdorf AG in conformity with statutory provisions set out in German legislation. This may have a significant influence on the opportunities and risks presented in the 2015/2016 Group management report, the exact scope of which cannot be specified in detail at this moment in time.

Report on Expected Developments

In April 2017, the International Monetary Fund (IMF) revised its global economic forecast upward slightly, despite significant downside risks. It lifted its forecast for global economic growth by 0.1 percentage points to 3.5 percent, following an expansion by 3.1 percent in 2016. For 2018, the IMF reaffirmed its

outlook of 3.6 percent growth. It noted that rather than being confined to the industrialized nations forward momentum would also be seen in the emerging and developing economies.

On February 14, 2017, the DPLTA came into force between the wholly-owned subsidiary of Diebold Nixdorf, Inc., Diebold KGaA and Diebold Nixdorf AG upon entry in the Commercial Register at the District Court of Paderborn (Germany). Under the terms of the DPLTA, Diebold KGaA may instruct Diebold Nixdorf AG to enter into business arrangements that are either favorable or unfavorable to the latter.

The guidance projections presented to date in respect of fiscal 2016/2017 (net sales slightly above the prior-year figure and EBITA before non-recurring items at a level comparable to the prior-year figure) were made under the caveat, as outlined in the 2015/2016 annual report, that the DPLTA with Diebold KGaA had not yet come into force at the time of publication. Upon entry of the DPLTA in the Commercial Register during the second quarter of fiscal 2016/2017, there is a significant risk that the controlling entity may initiate measures and make decisions on behalf of Diebold Nixdorf AG that are contrary to the assumptions underlying the original forecasts. With this in mind, the Company's future business performance in the remaining period of fiscal 2016/2017 is associated with considerable uncertainty.

Based on its business performance in the first six months of fiscal 2016/2017, Diebold Nixdorf AG anticipates that net sales for the annual period as a whole will be down on the figure recorded in the previous financial year. Its operating profit (EBITA) before non-recurring items is also expected to be lower than in the previous financial year, given the slight downturn in net sales projected by the company. In this area, however, measures and decisions executed by Diebold KGaA under the terms of the DPLTA may have a more pronounced effect than in the case of projected net sales.

Additionally, Diebold Nixdorf AG anticipates that transaction and restructuring expenses attributable to the business combination with Diebold Nixdorf, Inc., will be significantly higher than originally planned. This is due to the DPLTA now having come into effect and the more far-reaching integration measures that this will entail. The original forecast for fiscal 2016/2017 had only included transaction expense attributable to the business combination with Diebold Nixdorf, Inc., estimated at €20 million.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Income Statement for the Period
from October 1, 2016 to March 31, 2017.

€k

	2nd quarter 2016/2017 ¹⁾	2nd quarter 2015/2016 ²⁾	6 months 2016/2017 ³⁾	6 months 2015/2016 ⁴⁾
Net sales	605,484	582,000	1,224,651	1,308,953
Cost of sales	-467,220	-435,605	-937,393	-999,562
Gross profit	138,264	146,395	287,258	309,391
Research and development expenses	-23,489	-24,115	-45,636	-46,939
Selling, general and administration expenses	-106,645	-95,351	-187,048	-181,556
Other operating result	0	10,552	0	10,552
Result from equity accounted investments	-238	-119	-238	-143
Net profit on operating activities	7,892	37,362	54,336	91,305
Finance income	627	736	1,112	1,347
Finance costs	-1,357	-1,869	-2,827	-3,830
Profit before income taxes	7,162	36,229	52,621	88,822
Income taxes	-2,145	-10,756	-15,760	-25,995
Profit for the period	5,017	25,473	36,861	62,827
Profit attributable to non-controlling interests	-64	199	269	445
Profit attributable to equity holders of Diebold Nixdorf AG	5,081	25,274	36,592	62,382
Shares for calculation of earnings per share (in thousands)	29,816	29,816	29,816	29,816
Earnings per share (€)	0.17	0.85	1.23	2.09

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Statement of Comprehensive Income for the
Period from October 1, 2016 to March 31, 2017.

€k

	2nd quarter 2016/2017 ¹⁾	2nd quarter 2015/2016 ²⁾	6 months 2016/2017 ³⁾	6 months 2015/2016 ⁴⁾
Profit for the period	5,017	25,473	36,861	62,827
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges – effective portion of changes in fair value	-210	2,109	-1,451	1,147
Cash flow hedges – reclassified to profit or loss	173	284	-1,047	4,023
Exchange rate changes - resulting in neither profit or loss	-125	-4,841	4,351	-2,776
Exchange rate changes - reclassified to profit or loss	0	0	0	0
Other changes	0	-10	0	-10
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses	0	-5,878	11,319	-6,593
Other comprehensive income (net of tax)	-162	-8,336	13,172	-4,209
Total comprehensive income	4,855	17,137	50,033	58,618
Total comprehensive income attributable to:				
Non-controlling interests	-48	269	926	514
Equity holders of Diebold Nixdorf AG	4,903	16,868	49,107	58,104

¹⁾ January 1, 2017 - March 31, 2017.

²⁾ January 1, 2016 - March 31, 2016.

³⁾ October 1, 2016 - March 31, 2017.

⁴⁾ October 1, 2015 - March 31, 2016.

Diebold Nixdorf Aktiengesellschaft, Paderborn Group Balance Sheet as of March 31, 2017.

Assets	€k			
	March 31, 2017		September 30, 2016	
Non-current assets				
Intangible assets	376,185		374,916	
Property, plant and equipment	110,602		116,906	
Investments accounted for using the equity method	8,546		9,073	
Investments	3,635		3,706	
Reworkable service parts	28,891		29,812	
Trade receivables	13,589		14,406	
Other assets	5,597		7,628	
Deferred tax assets	50,149	597,194	44,712	601,159
Current assets				
Inventories	319,012		339,662	
Trade receivables	426,383		445,034	
Receivables from affiliated companies	11,550		11,475	
Receivables from related companies	47,553		65,272	
Current income tax assets	22,899		16,558	
Other assets	122,135		110,233	
Investments	7		8	
Cash and cash equivalents	131,134	1,080,673	85,336	1,073,578
Total assets		1,677,867		1,674,737

Equity and Liabilities	€k			
	March 31, 2017		September 30, 2016	
Equity				
Subscribed capital of Diebold Nixdorf AG	33,085		33,085	
Retained earnings	515,393		515,927	
Treasury shares	-173,712		-173,712	
Other components of equity	36,925		35,121	
Equity attributable to equity holders of Diebold Nixdorf AG	411,691		410,421	
Non-controlling interests	30,289	441,980	30,110	440,531
Non-current liabilities				
Accruals for pensions and similar commitments	62,695		82,586	
Other accruals	28,176		21,926	
Financial liabilities	412		1,505	
Financial liabilities to affiliated companies	50,000		58,249	
Trade payables	8		8	
Other liabilities	70,994		63,557	
Deferred tax liabilities	12,458	224,743	9,126	236,957
Current liabilities				
Other accruals	164,625		175,530	
Financial liabilities	2,984		76,424	
Financial liabilities to affiliated companies	104,375			
Advances received	23,607		16,457	
Trade payables	280,330		344,231	
Liabilities to affiliated companies	7,748		570	
Liabilities to related companies	23,280		30,985	
Current income tax liabilities	51,294		40,982	
Other liabilities	352,901	1,011,144	312,070	997,249
Total equity and liabilities		1,677,867		1,674,737

Diebold Nixdorf Aktiengesellschaft, Paderborn Group Cash Flow Statement for the Period from October 1, 2016 to March 31, 2017.

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	6 months 2016/2017 ¹⁾	6 months 2015/2016 ²⁾
EBITA	54,336	91,305
Amortization/depreciation of intangible assets and property, plant and equipment	25,035	25,813
Write-down of reworkable service parts	2,719	3,302
EBITDA	82,090	120,420
Interest received	1,022	1,277
Interest paid	-3,040	-3,620
Income taxes paid	-13,419	-20,350
Result on disposal of intangible assets and property, plant and equipment	-164	-143
Change in accruals	-26,261	-6,907
Other non-cash items	16,885	-19,612
Change in working capital	54,799	63,037
Change in other assets and other liabilities	-10,711	-28,447
Cash flow from operating activities	101,201	105,655
Payments received from the disposal of property, plant and equipment	533	803
Payments received from the disposal of investments and other payments received	22	2
Payments made for investment in intangible assets	-6,342	-3,380
Payments made for investment in property, plant and equipment	-13,423	-15,703
Payments made for acquisition of consolidated affiliated companies, jointly controlled entities and other business units	-2,500	-2,802
Payments made for investment in reworkable service parts	-3,853	-4,302
Cash flow from investment activities	-25,563	-25,382
Payments made to equity holders	-50,986	0
Payments received from financial loan draw-downs from affiliated companies	96,127	0
Payments made for repayment of financial loans	-66,000	-10,000
Payments made to non-controlling interests	-745	0
Other financing activities	-567	-339
Cash flow from financing activities	-22,171	-10,339
Net change in cash and cash equivalents	53,467	69,934
Change in cash and cash equivalents from exchange rate movements	616	647
Cash and cash equivalents at beginning of period ³⁾	74,259	-53,826
Cash and cash equivalents at end of period³⁾	128,342	16,755

¹⁾ October 1, 2016 - March 31, 2017.

²⁾ October 1, 2015 - March 31, 2016.

³⁾ Include cash and cash equivalents and current bank liabilities.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Changes in Group Equity as of March 31, 2017.

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	Equity attributable to equity holders of Diebold Nixdorf AG								Equity
	Subscribed capital	Retained earnings	Treasury shares	Other components of equity			Total	Non-controlling interests	
				Add. paid-in capital	Exchange rate changes	Cash flow hedges			
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	5,170	5,170	0	5,170
Exchange rate changes	0	0	0	0	-2,845	0	-2,845	69	-2,776
Actuarial gains and losses	0	-6,593	0	0	0	0	-6,593	0	-6,593
Other changes	0	-10	0	0	0	0	-10	0	-10
Other comprehensive income	0	-6,603	0	0	-2,845	5,170	-4,278	69	-4,209
Profit for the period	0	62,382	0	0	0	0	62,382	445	62,827
Total comprehensive income	0	55,779	0	0	-2,845	5,170	58,104	514	58,618
Share options	0	772	0	-1,908	0	0	-1,136	0	-1,136
Other changes	0	-206	0	0	0	0	-206	2,492	2,286
Distributions	0	0	0	0	0	0	0	0	0
Transactions with equity holders	0	566	0	-1,908	0	0	-1,342	2,492	1,150
As of March 31, 2016	33,085	533,018	-173,712	46,806	7,240	-2,328	444,109	7,099	451,208
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	-2,498	-2,498	0	-2,498
Exchange rate changes	0	0	0	0	4,302	0	4,302	49	4,351
Actuarial gains and losses	0	10,711	0	0	0	0	10,711	608	11,319
Other comprehensive income	0	10,711	0	0	4,302	-2,498	12,515	657	13,172
Profit for the period	0	36,592	0	0	0	0	36,592	269	36,861
Total comprehensive income	0	47,303	0	0	4,302	-2,498	49,107	926	50,033
Takeover of shares	0	3,149	0	0	0	0	3,149	-2	3,147
Distributions	0	-50,986	0	0	0	0	-50,986	-745	-51,731
Transactions with equity holders	0	-47,837	0	0	0	0	-47,837	-747	-48,584
As of March 31, 2017	33,085	515,393	-173,712	40,376	682	-4,133	411,691	30,289	441,980

Selected Explanatory Notes.

Principles of Consolidation, Accounting and Valuation.

The condensed Group interim financial statements of Diebold Nixdorf Aktiengesellschaft (in the following “Diebold Nixdorf AG”) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidation, accounting and valuation principles applied to the condensed Group interim financial statements are generally based on the same consolidation, accounting and valuation principles used in the Group financial statements for fiscal 2015/2016. The applied principles of accounting and valuation are described in detail in the Notes to the Group financial statements as of September 30, 2016.

Consolidation Group.

The Group interim financial statements as of March 31, 2017, basically include those companies 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 interim financial statements begins from the date Diebold Nixdorf AG obtains control. It ceases, when Diebold Nixdorf AG loses control of the company.

Projective BC Germany GmbH, with its registered office in Frankfurt am Main, was established as a new entity in December 2016; it was fully consolidated for the first time as of March 31, 2017, as a subsidiary of Projective NV, Belgium. Its share capital as a GmbH totals €25k.

Additionally, Diebold Nixdorf Information Systems (Shanghai) Co., Limited, with a share capital of CYN 27,452k (€3,763k), was established as a new entity in December 2016.

Group Equity.

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

Treasury Shares.

As of March 31, 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 €173,712k amounting to €111k were deducted in full from equity.

Share-based Payment Program.

The vesting period for the 2013 share-based payment program expired on March 22, 2017. Of the 774,806 share options issued, 643,076 options have been exercised. The exercise price, including dividends, was €38.26. The weighted average share price at the date of exercise was €69.20 (unweighted average price on the 30 stock exchange trading days before the exercise date March 22, 2017). The resulting profit per option was €30.94. The options were settled by cash.

The remaining share-based payment programs 2014 - 2016 are described in detail in the Notes to the Group financial statements for fiscal 2015/2016. All share-based payment programs were classified and accounted for as an obligation to settle in cash.

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.

Other Information.

Restructuring and transaction activities.

Due to the business combination with Diebold Nixdorf, Inc., the first half of fiscal 2016/2017 includes one-time effects of €32 million in total attributable to restructuring and transaction expenses. In this context, restructuring expenses in the second quarter stood at €10 million in total. Of this total, a sum of €6 million was attributable to the Banking segment and €4 million to the Retail segment. Of the total transaction expenses of €22 million accounted for in the first half of the fiscal year, a sum of €14 million was attributable to the Banking segment and €8 million to the Retail segment.

Segment Report.

For the purposes of presenting segment information, the activities of the Diebold Nixdorf AG Group are divided into operating segments in accordance with the rules contained in IFRS 8 "Operating Segments". Internal reporting within the Diebold Nixdorf AG Group is conducted on the basis of the customer profiles "Banking" and "Retail" as well as on the regional basis; the areas "Banking" and "Retail" were defined as operating segments in accordance with 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."

Segment Report by Division.

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	2nd quarter 2016/2017 ¹⁾			6 months 2016/2017 ²⁾		
	Banking	Retail	Group	Banking	Retail	Group
Net sales to external customers	341,206	264,278	605,484	710,412	514,239	1,224,651
	(342,180)	(239,820)	(582,000)	(778,436)	(530,517)	(1,308,953)
Operating profit (EBITA)	3,769	4,123	7,892	35,805	18,531	54,336
	(24,352)	(13,010)	(37,362)	(61,994)	(29,311)	(91,305)
Result from equity accounted investments	-238	0	-238	-238	0	-238
	(-119)	(0)	(-119)	(-143)	(0)	(-143)
Investment in intangible assets and property, plant and equipment	8,352	3,045	11,397	13,732	6,033	19,765
	(19,503)	(3,299)	(22,802)	(26,980)	(4,752)	(31,732)
Investment in reworkable service parts	1,700	500	2,200	2,890	963	3,853
	(921)	(375)	(1,296)	(3,356)	(946)	(4,302)
Amortization/depreciation of intangible assets and property, plant and equipment	10,186	2,671	12,857	20,058	4,977	25,035
	(10,488)	(2,574)	(13,062)	(20,785)	(5,028)	(25,813)
Write-down of reworkable service parts	1,035	289	1,324	2,039	680	2,719
	(958)	(346)	(1,304)	(2,576)	(726)	(3,302)
Research and development expenses	14,865	8,624	23,489	28,713	16,923	45,636
	(15,517)	(8,598)	(24,115)	(28,427)	(18,512)	(46,939)

¹⁾ January 1, 2017 - March 31, 2017.

²⁾ October 1, 2016 - March 31, 2017.

Comparative figures for 2nd quarter as well as for the first six months of previous year are shown in brackets for each item.

The respective segment assets did not change considerably compared to September 30, 2016.

Reconciliation of Segment Profit to Profit for the Period.

The Segment profit equates to the "net profit on operating activities" of the Group Income Statement.

Net Sales by Regions.

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	2nd quarter 2016/2017 ¹⁾	2nd quarter 2015/2016 ²⁾	6 months 2016/2017 ³⁾	6 months 2015/2016 ⁴⁾
Europe	450,673	404,800	921,999	894,590
in % of total net sales	74.4	69.5	75.3	68.3
Included in Europe: Germany	140,710	126,436	296,666	282,138
in % of total net sales	23.2	21.7	24.2	21.6
Asia/Pacific/Africa	95,536	102,779	190,551	238,986
in % of total net sales	15.8	17.7	15.6	18.3
Americas	59,275	74,421	112,101	175,377
in % of total net sales	9.8	12.8	9.1	13.4
Total	605,484	582,000	1,224,651	1,308,953

¹⁾ January 1, 2017 - March 31, 2017.

²⁾ January 1, 2016 - March 31, 2016.

³⁾ October 1, 2016 - March 31, 2017.

⁴⁾ October 1, 2015 - March 31, 2016.

Further Information.

Responsibility Statement.

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group 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 for the remaining months of the financial year.

Paderborn, May 2017

Diebold Nixdorf Aktiengesellschaft

Board of Directors



Dr. Wunram

President and
Chief Executive Officer



Chapman

Chief Financial
Officer



Heyden

Executive
Vice President



Dr. Näher

Executive
Vice President



Pfeil

Executive
Vice President

Review.

This interim report has not been audited in accordance with Sec. 317 of the German Commercial Code (HGB) and has not been reviewed by auditors.